



SHIRE OF CHRISTMAS ISLAND



ANNUAL REPORT 2020

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ELECTED MEMBERS

2020



Front row – Cr Morgan Soh, Cr Hafiz Masli, Cr Fazian Zainal, Cr Gordon Thomson (Shire President), Cr Foo Kee Heng (Deputy President) and Cr Philip Woo
 Back row – Cr Vincent Saw, David Price (CEO) and Cr Azmi Yon
 Absent- Cr Kelvin Lee

Gordon THOMSON	Shire President	Retiring 2021
FOO Kee Heng	Deputy President	Retiring 2021
Hafiz MASLI	Councillor	Retiring 2021
Vincent SAW	Councillor	Retiring 2021
Philip WOO	Councillor	Retiring 2021
Kelvin LEE	Councillor	Retiring 2023
Azmi YON	Councillor	Retiring 2023
Morgan SOH	Councillor	Retiring 2023
Farzian ZAINAL	Councillor	Retiring 2023



PRESIDENT'S REPORT

Shire operations

This Annual Report has been prepared by the section managers of the Shire, with the oversight of the Chief Executive Officer. We thank our Shire staff for their excellent work in preparing this report for our Council and our community. I thank our Shire managers and staff for the support that they have given the Councillors throughout the year.

The Office of the Auditor General has contracted Moore Australia to conduct the audit of the Shire's Financial Report for the year ended 30 June 2020. The auditor's opinion is that the Shire's Financial Report meets the standards required. Again I congratulate our Shire staff on their achievement in compliance and management of our resources.

We thank the Shire's employees working in roads, parks and gardens development, construction and maintenance, Finance and Administration, Planning, Building and Health, and Community Services sections for timely and efficient completion of their duties and programmes.

The Shire continues excellent collaborations with the Neighbourhood Centre (Community Resource Centre), Chinese Literary Association, the Christmas Island Women's Association, the Health Service, the Islamic Council and Malay Association. Our roads programme is developed in collaboration with the Indian Ocean Territories Administration, Parks Australia and CIP. We are implementing the road sealing programme that will see the sealing of North-South Baseline Road to the East-West Baseline Road turn-off and East-West Baseline Road to North-West Point Road.

The COVID-19 pandemic has not affected our community's health - a great success story for the Christmas Island people. However the measures implemented to prevent the spread of COVID-19 have caused the Shire to suspend community activities normally sponsored or organised by the Shire, such as Territory Week celebrations and the highly successful Christmas Island Marathon. To assist Christmas Islanders through this period of uncertainty, the Shire has frozen rates collections, forgiven rent collections and brought forward programme funds to support Christmas Island workers and businesses.

Economy, housing, education, health, social

Councillors have been heavily engaged in advocacy with the Commonwealth Ministers and the Department, about the economic future of the Island. 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 the Shire has had important engagements with the Honourable Nola Marino MP Assistant Minister for Regional Development and Territories and the Department of Infrastructure, Transport, Regional Development and Communications (DITRDC):

- Christmas Island Applied Laws Amendment (Fish Resources Management) Ordinance 2020
- Christmas Island Strategic Assessment under the Environmental Protection, Biodiversity and Conservation Act
- Review of Local Planning Strategy and Town Planning Scheme
- Land and Economic Futures Charter
- Christmas Island – Singapore Strategy 2018
- Indian Ocean Learning Communities

- PhytoCyte Pty Ltd - investment in relinquished mine sites
- IOT Research Working Group
- Casino License for Christmas Island Resort
- Indian Ocean Territories Health Service 5 Year Strategic Plan
- Aged Care Services
- Air Services
- Settlement Sports Hall Redevelopment
- Social Infrastructure
- Rent to buy arrangements for public housing

Christmas Island- Singapore Strategy, MINTOPE, IOLC, PhytoCyte

For the past eight years the Shire has provided practical support to the MINTOPE (Mining to Plant Enterprises) Project. The MINTOPE project is winding up at the end of this year. Evolving from the MINTOPE Project is the Indian Ocean Learning Communities (IOLC), a collaboration of Singapore's Temasek Polytechnic, the Harry Butler Institute and Murdoch University Campuses in Singapore and Perth. The IOLC project is to bring students from Singapore and Australia for field studies and research into food production on Christmas Island. The IOLC has 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.

At this time the science of the IOLC and the entry of a potential research partner, PhytoCyte Pty Ltd, could be the beginning of commercial development of food and pharmaceutical plants for export to Singapore. Such a development is consistent with our Shire's *Christmas Island- Singapore Strategy* which is being implemented with the knowledge and assistance of our Minister, the Honourable Nola Marino MP, the Department, the IOLC and the hard work of our Planning Consultant, Herve Calmy and Shire CEO and staff.

Governance

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 several 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 Australian 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 administered. 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.*

At the Council's November meeting the Christmas Island Governance Forum was inaugurated. Its purpose is to consider approaches to establishing democratic government of the people by the people of the Island. The broadest possible community discussion is required now.

On 19 November the Christmas Island People's Assembly was re-established at the Post Office Padang in response to a proposal from the public meeting at the Malay Club that had been convened to discuss the new *Christmas Island Fisheries Management Ordinance 2020*. There is an urgent need for democratic reform of the governance of Christmas Island. The Shire will continue to support efforts to achieve this objective of our community.

The Shire acknowledges the support and assistance of many partners in service provision on the Island, particularly the Department of Infrastructure, Transport, Regional Development and Communications (DITRDC).

Congratulations to all of the Shire's 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 19/20.

The 19/20 year has been like no other year that we could have foreseen.

The COVID-19 Pandemic has affected all our lives in work, social and a family environment.

The Shire in responding to the effects of COVID-19 on the financial resources of the Christmas Island Community introduced and supported the following measures.

- The Shire froze Rates and Charges for the 20/21 financial year
- Issued 591 free tip site vouchers to the value of \$35,291.20
- The acquiring and distribution of hand sanitizer in March 2020 to island businesses
- Adopted a COVID-19 Financial Hardship Policy
- The introduction of a COVID-19 20/21 Budget Stimulus package to the value of \$670,000
- The creation of the SMS Text Alert System
- Assisting the shops with crowd social distancing management during Friday Freight days
- SOCI participation with other stakeholders at IOTHS briefings on COVID management

During 19/20 we have once again seen the Detention Centre taken out of Hot Contingency to full operations back again. This has led to once again the economic roller-coaster ride for the Christmas Island community.

The Shire looks forward to working with the community in 20/21 to meet the challenges and to build on that relationship for the betterment of the community. The projects that are included in our 20/21 schedule are:

- Completion of the Gaze Road Recreational Area
- Completion of the duel pathway between Poon Saan and Drumsite
- Sealing of the E/W and N/S base line roads

Finance and Administration

Members of Council and Management staff were involved in the preparation of Council's annual budget for 19/20 which was adopted at the Ordinary Meeting held 16th July 2019.

Throughout the year, monthly reports were prepared to enable members and management staff to review Council finances and ensure that expenditure is 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 matters to SOCI customers who 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 provided 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 Australia. The 2019/2020 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 August 2020 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 Manager of Recreation Services provides the Community Bus Service to the:

- Christmas Island District High School
- Celebrations occasions
- Community Charity organisations and appeals
- For hire services in conjunction to the Shires Community Bus Fees and Charges.

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

Works & Services

The Civil Works, Special Projects and Parks and Gardens crews have continued during 19/20 to carry out 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 Infrastructure, Transport, Regional Development and Communications, Commonwealth and Roads to Recovery were Council's main source of revenue and accounted for 67.24% of revenue for the year 2019/20.

Grants	2019/20	2018/19
	\$	\$
WA Local Government Grants Commission	5,848,469	5,509,491
Commonwealth (Special Grants)	37,500	15,000
Central Road Authority Grants	600,000	600,000
Roads to Recovery	300,704	129,303
	-----	-----
Total	6,786,673	6,253,794
	=====	=====

Rates revenue represented 13.84% of Council's total revenue. Garbage charges and other revenues accounted for 18.92%.

Assets

Council's plant, equipment, buildings and infrastructure were provided principally from General-Purpose Grant, Department of Infrastructure, Transport, Regional Development and Communications 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 2020 grand total balance was \$41,829,586.

Budget

Council adopted the Annual Budget for the year ended 30 June 2020 at an Ordinary Meeting of Council held on 16 July 2019.

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 SynergySoft for Financial Reports and Records Management Systems and Microsoft Windows 2010 for other reports.

Creditors

At 30 June 2020 grand total outstanding balance was \$109,162.

Debtors

At 30 June 2020 grand total outstanding balance was \$141,565.

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 \$6,283,358.

Rates

The general rate on residential property based on its Gross Rental Value had been set at 9.6465 cents in the dollar and unimproved property at 21.1426 cents in the dollar of unimproved value.

There were 641 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	17
• Industrial – UV	1
• Mining tenement-GRV	1
• Mining tenement-UV	4
• Rural	2
• Private club	6

Total	641
	===

At 30 June 2020 grand total outstanding balance was \$107,500.

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.

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.

WORKS & SERVICES

Achievements - 2019/20

Construction

- Winifred Track: Full Construction Work, New Seal.
- Reseal: 500m, Murray Road between Poon Saan Road and Silver City Road.
- Reseal: 800m, Lam Lok Loh Road
- Reseal: 500m, Seaview Drive.
- Reseal: 1.6Km, Golf Course Road from Link water Road.
- Quarry Road: Full Construction New Seal 200m
- Maintain unsealed roads. Grading, Heavy Roller, Water Cart,
- Line marking: Poon Saan Road, Car park, upgrade line marking works, Boat Trailer Parking, Murray Rd, Golf Course Casino Rd

Shire Housing

- Upgrades are Ongoing

Sentinel road sweeping

- Throughout the Shire of Christmas Island Sealed Roads

Purchase of new plant & equipment

- Front End Loader
- 3 Toyota Hilux's
- 7 Tonne tray Truck.

Works & Services Department

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

Civil Works Team



Foreman, Seet Khun Wah, Kassim Ibrahim, Yusri Amat, Hoe Kit Ngan, Anwar Ramlan, Lim Liong, Tan Eng Chai, Shahrar Salleh, Johari Hassan, Salih Abu, Robert Yeap, Darren Yeap, Norezefizi Melan, Yan Foong Choy and Ilyas Ramlan

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 60% of which are unsealed.

Parks & Gardens Team



**Foreman, Chen Weng Aun, Su Ha Chai
Tee Kok Seong, Tony Ho, Nazreen
Nasaruddin and Tan Beng Hooi**

Maintain and improve community parks, reserves and recreational facilities.

Works

- Dolly Beach Road, Tree Trimming, Mowing and Slashing.
- Lily Beach & Greta Beach, Tree Trimming, Gazebo and Toilet Cleaning.
- Foreshore; General Maintenance.
- Cemetery; Mowing and Tree removal.
- Maintain Parks

Plant Operations Team



Foreman, Richard Foo, Chris Wong, Eijas Razak, Ibrahim Hussain, Edmond Ang

This crew led by Richard Foo, carries out all major repair work and servicing of Council's plant and vehicle fleet. Ibrahim, Chris and Eijas are all qualified motor and heavy plant mechanics. Edmond Ang is the Shires only Auto Electrician.

Operational Support, Iris Lim

Responsible for the overall general administration of the department. Private Works Documents, Cemetery Documents.

MEX Asset Maintenance System

This system is currently operated by Wei Ho.

Store Officer, Anwar Afan



Special Projects Team

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.

Works

- Footpaths, Murray Road,
- Kerbs, Poon Saan Road, Quarry Road, Lam Lok Loh.
- Speed Humps, Kampong.

Foreman Peter Tan, Rashidi Abd Rahman, Khairul Razaqin and Craig Wood

Planning/Building & Landfill Waste Team

This team carries out very important work at the Landfill Site, Bin Collection and Green Waste Bin Collection in and around the Shire of Christmas Island.

The Ranger's Work is to control trapping of Chickens and Cat Control throughout the Shire of Christmas Island.

Building Maintenance Worker, Othman Dardak his role is General Building Maintenance with Housing and Boardwalk Maintenance.

Foreman Ron De Cruz, Alex Goh, Alex Koh, Rashid Sabtu, Othman Dardak, Bahari Yussof, Sujangi Buang, Cleaner Eng Kim Hua and Ranger Yit-Meng Sho

COMMUNITY SERVICES, RECREATION & TRAINING



Suzane Chan (Youth & Culture Officer), Susan De Cruz (Librarian) Arfah Omar (Media Officer), Ron Foo (Community Development Officer), Oliver Lines (Manager) and Gary Foo (Community Services Officer)

Overview

Impacted by the COVID19 pandemic with short term restrictions and uncertainties planning forward, events such as the Marathon and Territory Week celebration activities were cancelled for 2020, including term 1,2 and 3 school holiday programs in accordance with and due to health restrictions such as social distancing.

Whereas School Holiday programs are usually held at the end of the first three terms, a full holiday program will be held over the term 4 School holidays.

Community Services has been active in the information dissemination space in assisting the COVID19 Emergency Committee, AFP and Territory Controller in informing the community and businesses on the status of public health restrictions as well as staffing in a supervisory role. Community activities such as busy grocery shopping events on freight nights.

Community services has dispatched and assisted the community in preparing COVID Safety Plans providing local businesses with information on social distancing requirements.

The Shire in 2020 has also taken on an environmental intuitive with Community services supporting, steering and organising community clean ups and liaising with environmental groups on Island

Recreation

- June has seen the commencement of a foreshore recreation precinct offering a variety of activities including Volleyball, Lawn Bowls

and Skate area in line with recommendations made in the Christmas Island Sports & Recreation Strategic Plan.

- Community Services has offered support to Community Sports Programs such as the service of the Community Bus and driver to transport kids to sports activities.
- Community Services is still engaged with the delivery of the Coach in Residence and has looked into the opportunity to fly a Golf instructor to the Island for clinics.
- A What's on Sports n Rec information site will soon be launched connected to Sports and Recreation Shire Web Page
- The annual Casino to Cove 10km Run is planned for the latter part of October or early November.

Environmental

Community Services has organised & supported the following programs.

- Clean Up Australia Day – Poon Saan
- Marine Debris Clean Up Audit – Greta Beach
- Great Northern Clean Up – Dolly Beach
- WA Beach Clean Up – Flying Fish Cove
- Drink Tap Water Intuitive
- No Butts – Ashtrays and No Smoking Areas in Flying Fish Cove
- Community Services also provide bags for litter at Dolly, Greta
- Urban Shading Project

CRST will look further into opportunities to be involved with such projects and promotions including that of phasing out single use plastic bags and raising the general public's awareness of better environmental options.

Urban Shading Intuitive

Community Services has identified locations within the Community to plant shade trees. These locations mostly are along walk paths which will add shade for walkers as well as entice community members to use pathways for exercise.

Not only providing shade, shade trees will remove heat from urban surfaces, roads and paths as well as being proved to maintain and enhance mental health well-being.

Events Activities

School Holiday program

Although impacted by COVID19 throughout the year School Holiday Programs will be held in the Term 4 Holidays.

Seniors Week

Commenced 31st August ending on 4th September Seniors week included outings, and activities at different locations around the Island including trips to South Point, exercises at Tai Jin House, tours of local agencies including the Community Recourse Centre and Op Shop and meals at the Rumah Tinggi, Malay Club as well as a BBQ at Territory Day Park.

Shire Library

The Shire Library continues to service the community Monday to Friday 12.00pm to 4pm Monday to Friday and 10.00am to 12.00pm Saturdays.

The Shire Library has responded to a new Tier Strategy for State Libraries endorsed by WALGA as to the Shires amalgamation within a Three Tier operational framework covering regional to metropolitan Library Services.

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.
- 1st Aid Courses (3yr).
- Plan refresher courses

Community Bus Service

CRST continue to provide ongoing bus services mainly to the Recreation Centre from CIDHS.

Other services include events and activities such as, visiting Inter Island Cocos sports team transport & senior outings.

The Christmas Island Community Bus is included within the Emergency Response and Recovery Plan as an emergency transport asset.

The Community Bus is funded \$30.000 annually by the Department of Infrastructure & Regional Affairs.

Towards 2021

CRST will look to:

- Improve public and green spaces in particular public parks upgrading play equipment, BBQ areas and exercise / fitness opportunities such as fitness pods.
- Shading continues to be in need on Christmas Island along recreation and pedestrian paths as well as Parks with trees being identified that will provide optimal shade, easily managed as well as provide habitat or food source for local birdlife.
- Continue with possibilities with tracks and trails including Mountain Biking
- Develop further the Christmas Island Marathon
- Look into opportunities to improve and develop the Territory Week and Cove Day event.
- Further improve and develop the Seniors and School Holiday Activities calendars.
- Look at opportunities to develop and improve the Christmas Islander Gazette
- Progress with achievable recommendations made in the Christmas Island Sports and Recreation Strategic Plan.
- Continue providing training for Shire Staff

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 19/20 there were 5 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 2019/20 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 continually 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 – Manager Governance, Research, Policy and Grants

2019/2020 saw the Manager GRPG commence the review of many statutory obligations that Council has under the Local Government Act, specifically the Local Planning Strategy / Town Planning Scheme Review and the Strategic Community Plan.

Of special note, the LPS/TPS Review is being held in conjunction with the Commonwealth's *Christmas Island Strategic Assessment* which is its program to release new land on the island for economic development. This has involved liaising with the WA Dept. of Planning, Lands and Heritage, the Shire consultant Town Planner and DITCRD teams in Canberra and Perth over teleconference during this time of pandemic.

This has taken a significant amount of time in 2020 to complete.

The Community Consultative Committee met frequently in the lead up to and the initial months of the state of emergency from March 2020. This required significantly more secretarial support than normal which has generated some positive additional outcomes including an SMS Alert Platform that enables Shire to send text alerts to a subscriber list. This will be utilised for emergency communications.



The GRPG desk also assisted the MWS to obtain \$337,000 in the Local Roads and Community Infrastructure Grant 2020 program to repair the Smith Point Trail, Phosphate Hill Dual Use Pathway and North-South Baseline Sealing. The GRPG desk has also obtained several other smaller grants throughout the year to assist other sections in their programs. There was an extension till April 2021 for spending of the Building Better Regions Grant Program for the 'Our Streets Are Our Museums' public art initiative which has seen 6 murals established on island, with a 7th to be completed in 2021. The value of this grant was \$75,000.



PLAN FOR THE FUTURE - OVERVIEW

Following is a summary of major initiatives proposed in the plan to commence or continue in the 2019/20 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.
- Settlement Cinema Masterplan.
- Implementation of recommendations made within the Christmas Island Sports and Recreation Strategic Plan.

TRANSPORT

- North South Base Line SLK 0.0 to SLK 1.9 Full Construction
- North South Base Line SLK 1.9 to SLK 3.2 Full Construction

PUBLIC HEALTH

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

1. 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 2019/20

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.

REGISTER OF COMPLAINTS

Governance Issues

No complaints received by the Shire of Christmas Island as at 30 June 2020.

Community Relations and Customers Services

No complaints received by the Shire of Christmas Island as at 30 June 2020.

SHIRE OF CHRISTMAS ISLAND
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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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 30 JUNE 2020**

*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 2020 is based on proper accounts and records to present fairly the financial position of the Shire of Christmas Island at 30 June 2020 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

27

day of

NOVEMBER

2020



Chief Executive Officer

David Price

Name of Chief Executive Officer



SHIRE OF CHRISTMAS ISLAND
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	Restated 2019 Actual \$
Revenue				
Rates	24(a)	1,397,049	1,388,869	1,327,396
Operating grants, subsidies and contributions	2 (a)	6,667,928	6,329,521	6,254,395
Fees and charges	2 (a)	1,195,640	918,800	1,597,303
Interest earnings	2 (a)	98,734	151,682	136,334
Other revenue	2 (a)	30,805	26,231	25,662
		<u>9,390,156</u>	<u>8,815,103</u>	<u>9,341,090</u>
Expenses				
Employee costs		(6,283,358)	(7,070,095)	(6,365,681)
Materials and contracts		(664,033)	(700,000)	(713,794)
Utility charges		(88,378)	(140,000)	(92,434)
Depreciation on non-current assets	11(c)	(2,198,113)	(2,407,300)	(2,265,996)
Insurance expenses		(179,880)	(182,000)	(165,976)
Other expenditure	2(b)	(1,019,237)	(441,518)	(681,617)
		<u>(10,432,999)</u>	<u>(10,940,913)</u>	<u>(10,285,498)</u>
		(1,042,843)	(2,125,810)	(944,408)
Non-operating grants, subsidies and contributions	2 (a)	700,704	640,000	544,303
Profit on asset disposals	11(a)	25,612	0	0
(Loss) on asset disposals	11(a)	(7,199)	0	(59,551)
Fair value adjustments to financial assets at fair value through profit or loss		2,405	0	1,610
		<u>721,522</u>	<u>640,000</u>	<u>486,362</u>
Net result for the period		(321,321)	(1,485,810)	(458,046)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	586,185	0	(204,151)
Total other comprehensive income for the period		586,185	0	(204,151)
Total comprehensive income for the period		264,864	(1,485,810)	(662,197)

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



SHIRE OF CHRISTMAS ISLAND
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	Restated 2019 Actual \$
Revenue				
	2(a)			
Governance		21,451	5,000	7,844
General purpose funding		7,874,546	7,546,403	7,463,666
Law, order, public safety		568	700	633
Health		19,791	37,000	38,640
Education and welfare		1,885	2,000	1,209
Housing		52,806	71,000	59,644
Community amenities		757,268	600,400	817,579
Recreation and culture		103,353	232,600	85,250
Transport		503,041	274,000	793,580
Economic services		23,919	32,000	31,557
Other property and services		31,528	14,000	41,488
		9,390,156	8,815,103	9,341,090
Expenses				
	2(a)			
Governance		(749,867)	(848,454)	(845,902)
General purpose funding		(112,327)	(140,733)	(125,116)
Law, order, public safety		(162,726)	(215,666)	(285,923)
Health		(79,254)	(171,936)	(135,382)
Education and welfare		(583,475)	(614,814)	(529,719)
Housing		(148,988)	(191,226)	(161,078)
Community amenities		(1,649,090)	(1,823,714)	(1,469,467)
Recreation and culture		(1,948,029)	(2,240,399)	(1,696,508)
Transport		(4,134,270)	(4,289,578)	(4,174,042)
Economic services		(117,493)	(204,393)	(86,652)
Other property and services		(747,480)	(200,000)	(775,709)
		(10,432,999)	(10,940,913)	(10,285,498)
Finance Costs				
	2(b)	0	0	0
		(1,042,843)	(2,125,810)	(944,408)
Non-operating grants, subsidies and contributions	2(a)	700,704	640,000	544,303
Profit on disposal of assets	11(a)	25,612	0	0
(Loss) on disposal of assets	11(a)	(7,199)	0	(59,551)
Fair value adjustments to financial assets at fair value through profit or loss		2,405	0	1,610
		721,522	640,000	486,362
Net result for the period		(321,321)	(1,485,810)	(458,046)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	586,185	0	(204,151)
Total other comprehensive income for the period		586,185	0	(204,151)
Total comprehensive income for the period		264,864	(1,485,810)	(662,197)

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

**SHIRE OF CHRISTMAS ISLAND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	NOTE	2020 \$	Restated 2019 \$	Restated 1 July 2018 \$
CURRENT ASSETS				
Cash and cash equivalents	3	1,650,550	2,181,252	546,084
Trade and other receivables	6	184,842	120,096	186,648
Other financial assets	5	4,103,474	3,548,888	4,785,764
Inventories	7	106,464	178,131	486,826
Other assets	8	25,903	12,061	997
TOTAL CURRENT ASSETS		6,071,233	6,040,428	6,006,319
NON-CURRENT ASSETS				
Inventories	7	278,644	278,644	0
Property, plant and equipment	9	13,058,847	13,991,247	14,413,924
Infrastructure	10	27,962,738	27,712,602	28,370,502
TOTAL NON-CURRENT ASSETS		41,300,229	41,982,493	42,784,426
TOTAL ASSETS		47,371,462	48,022,921	48,790,745
CURRENT LIABILITIES				
Trade and other payables	14	308,146	471,309	487,557
Contract liabilities	15	16,500	0	0
Employee related provisions	17	1,819,806	1,737,293	1,808,394
TOTAL CURRENT LIABILITIES		2,144,452	2,208,602	2,295,951
NON-CURRENT LIABILITIES				
Employee related provisions	17	31,134	72,705	90,983
TOTAL NON-CURRENT LIABILITIES		31,134	72,705	90,983
TOTAL LIABILITIES		2,175,586	2,281,307	2,386,934
NET ASSETS		45,195,876	45,741,614	46,403,811
EQUITY				
Retained surplus		11,284,800	11,691,360	12,260,833
Reserves - cash/financial asset backed	4	5,113,659	5,031,022	4,919,595
Revaluation surplus	13	28,797,417	29,019,232	29,223,383
TOTAL EQUITY		45,195,876	45,741,614	46,403,811

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



**SHIRE OF CHRISTMAS ISLAND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

		RETAINED SURPLUS	RESERVES CASH/FINANCIAL ASSET BACKED	REVALUATION SURPLUS	TOTAL EQUITY
	NOTE	\$	\$	\$	\$
Balance as at 30 June 2018		12,260,833	4,919,595	31,556,187	48,736,615
Correction of error	29	0	0	(2,332,804)	(2,332,804)
Restated total equity at 1 July 2018		12,260,833	4,919,595	29,223,383	46,403,811
Comprehensive income					
Net result for the period		(458,046)	0	0	(458,046)
Other comprehensive income	13	0	0	(204,151)	(204,151)
Total comprehensive income		(458,046)	0	(204,151)	(662,197)
Transfers from reserves	4	3,650	(3,650)	0	0
Transfers to reserves	4	(115,077)	115,077	0	0
Balance as at 30 June 2019		11,691,360	5,031,022	29,019,232	45,741,614
Change in accounting policies	27	(2,602)	0	(808,000)	(810,602)
Restated total equity at 1 July 2019		11,688,758	5,031,022	28,211,232	44,931,012
Comprehensive income					
Net result for the period		(321,321)	0	0	(321,321)
Other comprehensive income	13	0	0	586,185	586,185
Total comprehensive income		(321,321)	0	586,185	264,864
Transfers from reserves	4	1,000	(1,000)	0	0
Transfers to reserves	4	(83,637)	83,637	0	0
Balance as at 30 June 2020		11,284,800	5,113,659	28,797,417	45,195,876

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

**SHIRE OF CHRISTMAS ISLAND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,340,565	1,376,603	1,315,130
Operating grants, subsidies and contributions		6,676,033	6,397,275	6,333,213
Fees and charges		1,195,640	918,800	1,597,303
Interest received		98,734	151,682	136,334
Other revenue		30,805	26,231	25,662
		<u>9,341,777</u>	<u>8,870,591</u>	<u>9,407,642</u>
Payments				
Employee costs		(6,184,945)	(6,966,958)	(6,658,199)
Materials and contracts		(829,311)	(393,727)	(507,414)
Utility charges		(88,378)	(140,000)	(92,434)
Insurance paid		(179,880)	(182,000)	(165,976)
Other expenditure		(1,019,237)	(733,886)	(681,617)
		<u>(8,301,751)</u>	<u>(8,416,571)</u>	<u>(8,105,640)</u>
Net cash provided by (used in) operating activities	18	<u>1,040,026</u>	<u>454,020</u>	<u>1,302,002</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	9(a)	(864,777)	(1,370,500)	(694,815)
Payments for construction of infrastructure	10(a)	(898,083)	(640,000)	(790,390)
Non-operating grants, subsidies and contributions	2(a)	700,704	640,000	544,303
Payments for financial assets at amortised cost - term deposits		(552,181)	0	0
Proceeds from sale of property, plant & equipment	11(a)	43,609	0	36,084
Payments for development of Land for held for resale		0	0	(502)
Proceeds from financial assets at amortised cost - term deposits		0	0	1,238,486
Net cash provided by (used in) investment activities		<u>(1,570,728)</u>	<u>(1,370,500)</u>	<u>333,166</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Net cash provided by (used in) financing activities		<u>0</u>	<u>0</u>	<u>0</u>
		0	0	0
Net increase (decrease) in cash held		(530,702)	(916,480)	1,635,168
Cash at beginning of year		2,181,252	5,676,357	546,084
Cash and cash equivalents at the end of the year	18	<u>1,650,550</u>	<u>4,759,877</u>	<u>2,181,252</u>

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

**SHIRE OF CHRISTMAS ISLAND
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	25	347,951	426,267	26,907
		347,951	426,267	26,907
Revenue from operating activities (excluding rates)				
Governance		26,383	5,000	9,454
General purpose funding		6,481,698	6,157,534	6,137,654
Law, order, public safety		568	700	633
Health		29,620	37,000	38,640
Education and welfare		1,885	2,000	1,209
Housing		52,806	71,000	59,644
Community amenities		757,268	600,400	817,579
Recreation and culture		107,681	232,600	85,250
Transport		511,969	274,000	793,580
Economic services		23,919	32,000	31,557
Other property and services		31,528	14,000	41,488
		8,025,325	7,426,234	8,016,688
Expenditure from operating activities				
Governance		(749,867)	(848,454)	(850,475)
General purpose funding		(112,327)	(140,733)	(125,116)
Law, order, public safety		(162,726)	(215,666)	(285,923)
Health		(79,254)	(171,936)	(135,382)
Education and welfare		(583,475)	(614,814)	(529,719)
Housing		(148,988)	(191,226)	(161,078)
Community amenities		(1,649,090)	(1,823,714)	(1,470,994)
Recreation and culture		(1,955,228)	(2,240,399)	(1,705,944)
Transport		(4,134,266)	(4,289,578)	(4,187,061)
Economic services		(117,493)	(204,393)	(86,652)
Other property and services		(747,480)	(200,000)	(806,705)
		(10,440,194)	(10,940,913)	(10,345,049)
Non-cash amounts excluded from operating activities	25(a)	2,163,869	2,490,575	2,342,240
Amount attributable to operating activities		96,951	(597,837)	40,786
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	700,704	640,000	544,303
Proceeds from disposal of assets	11(a)	43,609	0	36,084
Purchase of property, plant and equipment	9(a)	(864,777)	(1,370,500)	(694,815)
Purchase and construction of infrastructure	10(a)	(898,083)	(640,000)	(790,390)
Amount attributable to investing activities		(1,018,547)	(1,370,500)	(904,818)
FINANCING ACTIVITIES				
Transfers to reserves (restricted assets)	4	(83,637)	(793,032)	(115,077)
Transfers from reserves (restricted assets)	4	1,000	1,372,500	3,650
Amount attributable to financing activities		(82,637)	579,468	(111,427)
Surplus/(deficit) before imposition of general rates		(1,004,233)	(1,388,869)	(975,459)
Total amount raised from general rates	24(a)	1,392,848	1,388,869	1,326,012
Surplus/(deficit) after imposition of general rates	25(b)	388,615	0	350,553

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

SHIRE OF CHRISTMAS ISLAND
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FOR THE YEAR ENDED 30 JUNE 2020

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SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

1. BASIS OF PREPARATION

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

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, *Financial Management Regulation 16* arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Shire. This was not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

From 1 July 2019, the Shire has applied AASB 16 *Leases* which requires leases to be included by lessees in the statement of financial position. Also, the *Local Government (Financial Management) Regulations 1996* have been amended to specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

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.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

On 1 July 2020 the following new accounting standards are to be adopted:

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

AASB 1059 *Service Concession Arrangements: Grantors* is not expected to impact the financial report.

Specific impacts of AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*, have not been identified.

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the 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 30 to these financial statements.

SHIRE OF CHRISTMAS ISLAND

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates - general rates	General rates	Over time	Payment dates adopted by council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Communities events, minor facilities, research, design, planning evaluation and services	Over time	Fixed term transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the funding body	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligation
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by as the local government	Over time	Fixed term transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the funding body	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligation
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Fees and charges- licences, registrations, approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue the associated rights	No refunds	On payment of the licence, registration or approval
Fees and charges - other inspections	Regulatory food, health and safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Fees and charges - waste management collections	Garbage collection service	Over time	Payment on annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Fees and charges - waste management entry fees	Waste disposal service at disposal site	Single point in time	Payment in full by voucher prior entry to facility	None	Adopted by council annually	Based on timing of entry of facility	Not applicable	On entry to facility
Fees and charges - property hire and entry	Use of hall and facilities	Single point in time	Payment in arrears	None	Adopted by council annually	Based on timing of entry of facility	Not applicable	On entry or at conclusion of hire
Fees and charges - for other goods and services	Cemetery services, library fees and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Fees and charges - fines	Fines issued for breaches of local laws	Single point in time	Payment in full within defined time	None	Adopted by council through local law	When taxable event occurs	Not applicable	When fine notice is issued
Other revenue - reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When taxable claim is agreed	Not applicable	When claim is agreed

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions			
Governance	780	0	1,362
General purpose funding	6,377,860	6,011,821	5,999,937
Law, order, public safety	459	700	633
Health	1,518	1,000	1,523
Education and welfare	0	2,000	1,209
Community amenities	1,885	0	0
Recreation and culture	77,500	106,000	42,000
Transport	200,000	200,000	200,000
Other property and services	7,926	8,000	7,731
	6,667,928	6,329,521	6,254,395
Non-operating grants, subsidies and contributions			
Recreation and culture	0	0	15,000
Transport	700,704	640,000	529,303
	700,704	640,000	544,303
Total grants, subsidies and contributions	7,368,632	6,969,521	6,798,698
Fees and charges			
Governance	903	4,000	0
General purpose funding	18,274	36,000	37,117
Housing	52,806	71,000	59,644
Community amenities	755,422	570,400	817,579
Recreation and culture	25,687	125,400	38,770
Transport	11,030	74,000	17,559
Economic services	23,919	32,000	31,557
Other property and services	307,599	6,000	595,077
	1,195,640	918,800	1,597,303

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

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

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions	37,500	75,000	15,000
Non-operating grants, subsidies and contributions	700,704	640,000	544,303
	738,204	715,000	559,303

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

Other revenue from contracts with customers recognised during the year	37,500	75,000	15,000
Other revenue from performance obligations satisfied during the year	700,704	640,000	544,303
	738,204	715,000	559,303

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

Trade and other receivables from contracts with customers	184,842	120,096
Contract liabilities from contracts with customers	(16,500)	0

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2020.

Assets associated with contracts with customers were not subject to an impairment charge.

Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'.

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

Consideration from contracts with customers is included in the transaction price.

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

General rates

Statutory permits and licences

Fines

Other revenue

Reimbursements and recoveries

Interest earnings

Interest on reserve funds

Rates instalment and penalty interest (refer note 24 (e))

Other interest earnings

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
General rates	1,397,049	1,388,869	1,327,396
Statutory permits and licences	0	0	0
Fines	276	200	138
	<u>1,397,325</u>	<u>1,389,069</u>	<u>1,327,534</u>
Reimbursements and recoveries	30,805	26,231	25,662
	<u>30,805</u>	<u>26,231</u>	<u>25,662</u>
Interest on reserve funds	83,633	125,682	115,105
Rates instalment and penalty interest (refer note 24 (e))	10,200	6,000	6,897
Other interest earnings	4,901	20,000	14,332
	<u>98,734</u>	<u>151,682</u>	<u>136,334</u>

Interest earnings (continued)

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

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other services

Other expenditure

- Impairment loss on trade and other receivables
- Sundry expenses

Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
	49,200	40,000	40,000
	3,250	6,000	7,000
	52,450	46,000	47,000
	67,623	67,623	67,623
	951,614	373,895	613,994
	1,019,237	441,518	681,617

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

3. CASH AND CASH EQUIVALENTS

NOTE	2020	2019
	\$	\$
Cash at bank and on hand unrestricted	601,721	645,335
Cash at bank and on hand restricted	1,048,829	1,535,917
Total cash and cash equivalents	1,650,550	2,181,252

Restrictions

The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents	1,048,829	1,535,917
- Financial assets at amortised costs	4,081,330	3,529,149
	5,130,159	5,065,066

The restricted assets are a result of the following specific purposes to which the assets may be used:

Reserves - cash/financial asset backed	4	5,113,659	5,031,022
Contract liabilities from contracts with customers	15	16,500	0
Bonds and deposits held		0	34,044
Total restricted assets		5,130,159	5,065,066

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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4. RESERVE - CASH/FINANCIAL ASSET BACKED	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Reserve employees benefits	1,549,749	25,744	0	1,575,493	1,549,749	135,584	0	1,685,333	1,514,276	35,473	0	1,549,749
(b) Reserve plant & machinery	1,122,717	18,646	0	1,141,363	1,122,717	283,262	(570,000)	835,979	1,097,008	25,709	0	1,122,717
(c) Reserve furniture & equipment	737,121	12,242	0	749,363	737,121	86,954	(300,500)	523,575	720,241	16,880	0	737,121
(d) Reserve buildings	672,321	11,166	0	683,487	672,321	65,463	(185,000)	552,784	656,926	15,395	0	672,321
(e) Reserve welfare fund	84,611	1,481	(1,000)	85,092	84,611	1,886	(2,000)	84,497	86,438	1,823	(3,650)	84,611
(f) Reserve recreation services	317,617	5,275	0	322,892	317,617	57,305	(310,000)	64,922	310,344	7,273	0	317,617
(g) Reserve waste management	446,986	7,424	0	454,410	446,986	60,281	(5,000)	502,267	436,750	10,236	0	446,986
(h) Reserve road works & materials	99,900	1,659	0	101,559	99,900	102,297	0	202,197	97,612	2,288	0	99,900
	5,031,022	83,637	(1,000)	5,113,659	5,031,022	793,032	(1,372,500)	4,451,554	4,919,595	115,077	(3,650)	5,031,022

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Reserve employees benefits	Ongoing	- to be used to fund annual and long service leave requirements.
(b) Reserve plant & machinery	Ongoing	- to be used for the purchase of new major plant.
(c) Reserve furniture & equipment	Ongoing	- to be used for the purchase of new furniture & equipment.
(d) Reserve buildings	Ongoing	- to be used for construction of a new house or upgrade staff housing.
(e) Reserve welfare fund	Ongoing	- to be used for specific community purposes.
(f) Reserve recreation services	Ongoing	- to be used for the upgrade of recreation services and purchase of new plant, furniture & equipment.
(g) Reserve waste management	Ongoing	- to be used for the upgrade of tipsite and purchase new plant & equipment.
(h) Reserve road works & materials	Ongoing	- to be used for the purpose of road works and purchase of materials.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

5. OTHER FINANCIAL ASSETS

(a) Current assets

	2020	2019
	\$	\$
Financial assets at amortised cost - term deposits	4,081,330	3,529,149
Financial assets at fair value through profit and loss (listed shares)	22,144	19,739
	<u>4,103,474</u>	<u>3,548,888</u>

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 26.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable
Trade and other receivables
Allowance for impairment of receivables

2020	2019
\$	\$
110,900	54,549
141,565	133,170
(67,623)	(67,623)
184,842	120,096

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 26.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

7. INVENTORIES

Current

Fuel and materials

Non-current

Land held for resale

Development costs

	2020	2019
	\$	\$
	106,464	178,131
	106,464	178,131
	278,644	278,644
	278,644	278,644

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

Additions to land held for resale

Carrying amount at end of period

456,775	486,826
(71,667)	(31,055)
0	502
385,108	456,775

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 resale

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

Land held for resale (Continued)

Borrowing costs and holding charges incurred after development is completed are expensed.

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

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

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

8. OTHER ASSETS

	2020	2019
	\$	\$
Other assets - current		
Prepayments	0	12,061
Accrued income	25,903	0
	<u>25,903</u>	<u>12,061</u>

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

9. PROPERTY, PLANT AND EQUIPMENT

(a) 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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	2,201,189	808,000	3,009,189	1,140,251	7,016,990	8,157,241	11,166,430	320,288	2,927,206	14,413,924
Additions	0	0	0	65,085	255,334	320,419	320,419	37,402	336,994	694,815
(Disposals)	0	0	0	(10,226)	0	(10,226)	(10,226)	(25,598)	(49,448)	(85,272)
Depreciation (expense)	0	0	0	(28,975)	(346,661)	(375,636)	(375,636)	(49,455)	(607,129)	(1,032,220)
Carrying amount at 30 June 2019	2,201,189	808,000	3,009,189	1,166,135	6,925,663	8,091,798	11,100,987	282,637	2,607,623	13,991,247
Comprises:										
Gross carrying amount at 30 June 2019	2,201,189	808,000	3,009,189	1,224,085	7,590,413	8,814,498	11,823,687	408,886	4,116,311	16,348,884
Accumulated depreciation at 30 June 2019	0	0	0	(57,950)	(664,750)	(722,700)	(722,700)	(126,249)	(1,508,688)	(2,357,637)
Carrying amount at 30 June 2019	2,201,189	808,000	3,009,189	1,166,135	6,925,663	8,091,798	11,100,987	282,637	2,607,623	13,991,247
Change in accounting policy	0	(808,000)	(808,000)	0	0	0	(808,000)	0	0	(808,000)
Adjusted carrying amount at 1 July 2019	2,201,189	0	2,201,189	1,166,135	6,925,663	8,091,798	10,292,987	282,637	2,607,623	13,183,247
Additions	0	0	0	36,607	174,711	211,318	211,318	191,732	461,727	864,777
(Disposals)	0	0	0	0	0	0	0	(7,199)	(17,997)	(25,196)
Depreciation (expense)	0	0	0	(29,293)	(357,004)	(386,297)	(386,297)	(54,285)	(523,399)	(963,981)
Carrying amount at 30 June 2020	2,201,189	0	2,201,189	1,173,449	6,743,370	7,916,819	10,118,008	412,885	2,527,954	13,058,847
Comprises:										
Gross carrying amount at 30 June 2020	2,201,189	0	2,201,189	1,260,692	7,782,973	9,043,665	11,244,854	592,920	4,406,037	16,243,811
Accumulated depreciation at 30 June 2020	0	0	0	(87,243)	(1,039,603)	(1,126,846)	(1,126,846)	(180,035)	(1,878,083)	(3,184,964)
Carrying amount at 30 June 2020	2,201,189	0	2,201,189	1,173,449	6,743,370	7,916,819	10,118,008	412,885	2,527,954	13,058,847

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per hectare
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 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 square metre
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement costs	Independent registered valuers	June 2017	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 by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

Furniture and equipment

Plant and equipment

Following a change to *Local Government (Financial Management) Regulation 17A*, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy.

Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

10. INFRASTRUCTURE

(a) 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
	\$	\$	\$	\$
Balance at 1 July 2018	21,400,002	5,462,900	1,507,600	28,370,502
Additions	757,449	0	32,941	790,390
(Disposals)	0	0	(10,363)	(10,363)
Revaluation increments / (decrements) transferred to revaluation surplus	(204,151)	0	0	(204,151)
Depreciation (expense)	(991,582)	(147,858)	(94,336)	(1,233,776)
Carrying amount at 30 June 2019	20,961,718	5,315,042	1,435,842	27,712,602
Comprises:				
Gross carrying amount at 30 June 2019	30,735,034	5,462,900	1,527,841	37,725,775
Accumulated depreciation at 30 June 2019	(9,773,316)	(147,858)	(91,999)	(10,013,173)
Carrying amount at 30 June 2019	20,961,718	5,315,042	1,435,842	27,712,602
Additions	823,892	0	74,191	898,083
Revaluation increments / (decrements) transferred to revaluation surplus	586,185	0	0	586,185
Depreciation (expense)	(991,583)	(147,859)	(94,690)	(1,234,132)
Carrying amount at 30 June 2020	21,380,212	5,167,183	1,415,343	27,962,738
Comprises:				
Gross carrying amount at 30 June 2020	31,083,371	5,462,900	1,602,032	38,148,303
Accumulated depreciation at 30 June 2020	(9,703,159)	(295,717)	(186,689)	(10,185,565)
Carrying amount at 30 June 2020	21,380,212	5,167,183	1,415,343	27,962,738

SHIRE OF CHRISTMAS ISLAND
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FOR THE YEAR ENDED 30 JUNE 2020

10. INFRASTRUCTURE (Continued)

(b) 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 2020	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.

SHIRE OF CHRISTMAS ISLAND

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

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

Initial recognition and measurement between mandatory revaluation dates

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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the 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 that are land, buildings, infrastructure and investment properties acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

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

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

In accordance with the then *Local Government (Financial Management) Regulation 16(a)(ii)*, the Shire was previously required to include as an asset (by 30 June 2013), vested 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.

Land under roads prior to 1 July 2019

In Western Australia, most 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 then *Local Government (Financial Management) Regulation 16(a)(i)* which arbitrarily prohibited local governments from recognising such land as an asset. This regulation has now been deleted.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, the then *Local Government (Financial Management) Regulation 16(a)(i)* prohibited 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 was not included as an asset of the Shire.

Land under roads from 1 July 2019

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

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

Vested improvements from 1 July 2019

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

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

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

11. FIXED ASSETS

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings - non-specialised	0	0	0	0	0	0	0	0	10,226	0	0	(10,226)
Furniture and equipment	7,199	0	0	(7,199)	0	0	0	0	25,598	0	0	(25,598)
Plant and equipment	17,997	43,609	25,612	0	0	0	0	0	49,448	36,084	0	(13,364)
Infrastructure - Others	0	0	0	0	0	0	0	0	10,363	0	0	(10,363)
	25,196	43,609	25,612	(7,199)	0	0	0	0	95,635	36,084	0	(59,551)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Governance				
Toyota Corolla Ascent Sedan Glacier White	2,482	5,009	2,527	0
Health				
Toyota Hilux Dual Cab 4x4 Turbo Chg Diese	5,171	15,000	9,829	0
Recreation and culture				
Toyota Hilux Dual Cab 4x4 Turbo Chg Diese	5,172	9,500	4,328	0
NF0310 Play Equipment Prickle Park (M	0	0	0	
NF0714 Nest Swing S-8801 with Alumi	7,199	0	0	(7,199)
Transport				
Toyota Hilux Dual Cab 4x4 Turbo Chg Diese	5,172	8,700	3,528	0
Hino Tip Truck-GD3HJL Q3	0	5,400	5,400	0
VN60033 Woodchipper Bandit 150XP	0	0	0	0
VN60075 Case Unloader 85XT with Attac	0	0	0	0
VN5075 Mitsubishi Tip Truck FV517KW 1	0	0	0	0
	25,196	43,609	25,612	(7,199)

(b) Fully Depreciated Assets in Use

The gross carrying value of assets held by the Shire which are currently in use yet fully depreciated are shown in the table below.

	2020	2019
	\$	\$
Furniture and equipment	2,627	9,400
Plant and equipment	31,205	12,900
	33,832	22,300

SHIRE OF CHRISTMAS ISLAND
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11. FIXED ASSETS

(c) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	29,293	55,000	28,975
Buildings - specialised	357,004	320,000	346,661
Furniture and equipment	54,285	58,000	49,455
Plant and equipment	523,399	650,000	607,129
Infrastructure - Roads	991,583	1,089,300	991,582
Infrastructure - Drainage	147,859	150,000	147,858
Infrastructure - Others	94,690	85,000	94,336
	2,198,113	2,407,300	2,265,996

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings	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 50 years
- asphalt surfaces	20 to 50 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	20 to 50 years
Water supply pipping and drainage systems	20 to 80 years

Depreciation on revaluation

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

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

SHIRE OF CHRISTMAS ISLAND
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FOR THE YEAR ENDED 30 JUNE 2020

12. LEASES

(a) Right of Use Assets

The Shire did not have any operating leases as at 30 June 2019 and 30 June 2020.

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - valuation

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

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

Right-of-use assets - depreciation

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

SHIRE OF CHRISTMAS ISLAND
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FOR THE YEAR ENDED 30 JUNE 2020

13. REVALUATION SURPLUS

	2020 Opening Balance	2020 Change in Accounting Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance
	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and buildings	6,534,174	(808,000)	0	0	0	5,726,174	6,534,174	0	0	0	6,534,174
Revaluation surplus - Furniture and equipment	127,357	0	0	0	0	127,357	127,357	0	0	0	127,357
Revaluation surplus - Plant and equipment	569,828	0	0	0	0	569,828	569,828	0	0	0	569,828
Revaluation surplus - Infrastructure - Roads	16,017,421	0	0	586,185	586,185	16,603,606	16,221,572	0	(204,151)	(204,151)	16,017,421
Revaluation surplus - Infrastructure - Drainage	5,770,452	0	0	0	0	5,770,452	5,770,452	0	0	0	5,770,452
	29,019,232	(808,000)	0	586,185	586,185	28,797,417	29,223,383	0	(204,151)	(204,151)	29,019,232

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

SHIRE OF CHRISTMAS ISLAND
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14. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Accrued salaries and wages
 Bonds and deposits held
 Sick leave bonus
 Accrued liabilities

	2020	2019
	\$	\$
Sundry creditors	109,163	274,279
Prepaid rates	2,469	0
Accrued salaries and wages	51,158	0
Bonds and deposits held	0	34,044
Sick leave bonus	93,585	87,272
Accrued liabilities	51,771	75,714
	308,146	471,309

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 of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

Prepaid rates

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

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

15. CONTRACT LIABILITIES

	2020	2019
	\$	\$
Current		
Contract liabilities from contracts with customers	16,500	0
	<u>16,500</u>	<u>0</u>
Performance obligations from contracts with customers are expected to be recognised as revenue in accordance with the following time bands:		
Less than 1 year	16,500	
	<u>16,500</u>	

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

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

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

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

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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16. INFORMATION ON BORROWINGS

(a) Long Term Borrowings

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

	2020	2019
	\$	\$
(b) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	500,000	500,000
Bank overdraft at balance date	0	0
Credit card limit	40,000	40,000
Credit card balance at balance date	(2,153)	(20,201)
Total amount of credit unused	537,847	519,799
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.

Risk

Information regarding exposure to risk can be found at Note 26.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

17. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2019			
Current provisions	710,544	1,026,749	1,737,293
Non-current provisions	0	72,705	72,705
	710,544	1,099,454	1,809,998
 Additional provision	 118,702	 110,234	 228,936
Amounts used	(100,970)	(87,024)	(187,994)
Balance at 30 June 2020	728,276	1,122,664	1,850,940
 Comprises			
Current	728,276	1,091,530	1,819,806
Non-current	0	31,134	31,134
	728,276	1,122,664	1,850,940
 Amounts are expected to be settled on the following basis:	2020	2019	
	\$	\$	
Less than 12 months after the reporting date	330,393	323,109	
More than 12 months from reporting date	1,520,547	1,486,889	
	1,850,940	1,809,998	

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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.

Other long-term employee benefits (Continued)

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The 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.

SHIRE OF CHRISTMAS ISLAND
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18. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	601,721	4,759,877	645,335

Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	(321,321)	(1,485,810)	(458,046)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(2,405)	0	(1,610)
Depreciation on non-current assets	2,198,113	2,407,300	2,265,996
(Profit)/loss on sale of asset	(18,413)	0	59,551
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(64,746)	(19,739)	66,552
(Increase)/decrease in other assets	(13,842)		(11,064)
(Increase)/decrease in inventories	71,667	100,000	30,553
Increase/(decrease) in payables	(165,765)	(44,900)	(16,248)
Increase/(decrease) in provisions	40,942	135,584	(89,379)
Increase/(decrease) in non cash contributions	16,500	1,585	0
Non-operating grants, subsidies and contributions	(700,704)	(640,000)	(544,303)
Net cash from operating activities	1,040,026	454,020	1,302,002

19 TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	188,553	115,300
Law, order, public safety	3,228	17,053
Health	43,063	8,853
Education and welfare	12,440	22,088
Housing	2,153,448	2,146,135
Community amenities	938,115	1,051,403
Recreation and culture	6,175,612	7,179,457
Transport	30,937,053	30,699,112
Economic services	523,123	424,422
Other property and services	46,951	40,026
Unallocated	6,349,876	6,319,072
	<u>47,371,462</u>	<u>48,022,921</u>

20. CONTINGENT LIABILITIES

The Shire did not have any contingent liabilities as at reporting date.

21. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

	2020 Actual	2020 Budget	2019 Actual
The following fees, expenses and allowances were paid to council members and/or the President.	\$	\$	\$
President's allowance	61,995	62,299	61,682
Deputy President's allowance	25,481	25,606	25,352
Councillors allowance	114,009	114,569	113,435
	201,485	202,474	200,469

Key Management Personnel (KMP) Compensation Disclosure

	2020 Actual	2019 Actual
The total of remuneration paid to KMP of the Shire during the year are as follows:	\$	\$
Short-term employee benefits	672,259	669,774
Post-employment benefits	94,079	91,980
Other long-term benefits	12,115	14,344
Termination benefits	0	25,727
	778,453	801,825

Short-term employee benefits

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

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the 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).

21. RELATED PARTY TRANSACTIONS (Continued)

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.

The following transactions occurred with related parties:	2020 Actual \$	2019 Actual \$
Sale of goods and services	57,450	65,000
Purchase of goods and services	0	0
Amounts outstanding from related parties:		
Trade and other receivables	0	0
Amounts payable to related parties:		
Trade and other payables	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. Other Related Parties

The associate person of KMP was employed by the Shire under normal employment terms and conditions.

iii. 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.

22. 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. Total development costs of \$957,295 had been incurred as at 30 June 2020. 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 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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Other revenue			
- Sale proceeds	0	0	0
Other expenditure			
- Development costs	0	0	(502)
	0	0	(502)

(c) Expected future cash flows

	2020/21	2021/22	2022/23	2023/24	Total
	\$	\$	\$	\$	\$
Cash outflows					
- Development costs	0	0	0	0	0
	0	0	0	0	0
Cash inflows					
- Sale proceeds	0	600,000			600,000
	0	600,000	0	0	600,000
Net cash flows	0	600,000	0	0	600,000

23 TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2019/20 financial year.

SHIRE OF CHRISTMAS ISLAND
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24. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2019/20 Actual Rateable Value \$	2019/20 Actual Rate Revenue \$	2019/20 Actual Interim Rates \$	2019/20 Actual Total Revenue \$	2019/20 Budget Rate Revenue \$	2019/20 Budget Total Revenue \$	2018/19 Actual Total Revenue \$
Differential general rate / general rate									
Gross rental valuations									
GRV - Residential	9.6465	454	8,782,978	847,249	0	847,249	846,931	846,931	826,249
GRV - Commercial	9.6465	79	1,932,076	186,378	1,458	187,836	187,730	187,730	183,151
GRV - DIAC	0	21	1,210,320	0	0	0	0	0	0
GRV - Unallocated	9.6465	4	63,960	6,170	0	6,170	4,823	4,823	4,706
GRV - Rural	9.6465	2	45,280	4,368	0	4,368	3,232	3,232	3,153
GRV - Industrial	9.6465	12	227,160	21,913	0	21,913	20,804	20,804	20,295
GRV - Exempt	9.6465	163	0	0	0	0	0	0	0
Unimproved valuations									
UV - Industrial	21.1426	1	970,000	205,083	0	205,083	205,083	205,083	200,081
UV - Mining	21.1426	3	527,385	111,503	0	111,503	111,503	111,503	108,783
Sub-Total		739	13,759,159	1,382,664	1,458	1,384,122	1,380,106	1,380,106	1,346,418
Minimum payment	Minimum \$								
Gross rental valuations									
GRV - Residential	582	5	19,050	2,910	0	2,910	2,910	2,910	2,840
GRV - Commercial	582	16	79,086	9,312	0	9,312	9,894	9,894	9,656
GRV - Unallocated	582	37	92,500	21,534	0	21,534	21,534	21,534	21,016
GRV - Rural	582	0	0	0	0	0	3,492	3,492	0
GRV - Industrial	582	5	13,520	2,910	0	2,910	582	582	3,408
GRV - Mining Tenement	582	1	0	582	0	582	0	0	568
Unimproved valuations									
UV - Mining	351	1	0	351	0	351	351	351	343
Sub-Total		65	204,156	37,599	0	37,599	38,763	38,763	37,831
Total discounts Note 24(d)		804	13,963,315	1,420,263	1,458	1,421,721	1,418,869	1,418,869	1,384,249
Total amount raised from general rate						(28,873)		(30,000)	(58,237)
Total concessions Note 24(d)						1,392,848		1,388,869	1,326,012
Prepaid rates/penalties/admin						(12)		(1,000)	(102)
Totals						4,213		1,000	1,486
						1,397,049		1,388,869	1,327,396

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

SHIRE OF CHRISTMAS ISLAND
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24. RATING INFORMATION (Continued)

(b) Specified Area Rate

The Shire did not raise specific area rates in 2019/20 and does not intend to do so in 2020/21.

(c) Service Charges

The Shire did not raise service charges in 2019/20 and does not intend to do so in 2020/21.

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2020 Actual	2020 Budget	2019 Actual	Circumstances in which Discount is Granted
Rates	2.50%		\$ 28,873	\$ 30,000	\$ 58,237	Rates paid within 35 days of the date of issue noted on the rate notice.
			28,873	30,000	58,237	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2020 Actual	2020 Budget	2019 Actual
Rates	General	2.50%		12	1,000	102
				12	1,000	102
Total discounts/concessions Note 24(a)				28,885	31,000	58,339

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

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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24. RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment			0.00%	10.00%
Option Two				
First instalment	28/08/2019	15	0.00%	10.00%
Second instalment	28/10/2019	15	0.00%	10.00%
Third instalment	31/12/2019	15	0.00%	10.00%
Fourth instalment	28/02/2020	15	0.00%	10.00%
		2020 Actual	2020 Budget	2019 Actual
		\$	\$	\$
Interest on unpaid rates		10,200	6,000	6,897
Charges on instalment plan		4,080	3,000	2,436
		14,280	9,000	9,333

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25. RATE SETTING STATEMENT INFORMATION

		2019/20 Budget	2019/20	2018/19
	2019/20 (30 June 2020 Carried Forward)	(30 June 2020 Carried Forward)	(1 July 2019 Brought Forward)	(30 June 2019 Carried Forward)
Note	\$	\$	\$	\$

(a) Non-cash amounts excluded from operating activities

The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with *Financial Management Regulation 32*.

Adjustments to operating activities

Less: Profit on asset disposals	11(a)	(25,612)	0	0	0
Less: Movement in liabilities associated with restricted cash		0	135,584	0	0
Less: Fair value adjustments to financial assets at fair value through profit and loss		2,405	0	1,610	1,610
Movement in employee benefit provisions		(18,236)	(52,309)	15,083	15,083
Add: Loss on disposal of assets	11(a)	7,199	0	59,551	59,551
Add: Depreciation on non-current assets	11 (c)	2,198,113	2,407,300	2,265,996	2,265,996
Non cash amounts excluded from operating activities		2,163,869	2,490,575	2,342,240	2,342,240

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

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

Adjustments to net current assets

Less: Reserves - cash/financial asset backed	4	(5,113,659)	(4,451,554)	(5,031,022)	(5,031,022)
Less: Current assets not expected to be received at end of year					
- Land held for resale		0	(278,142)	0	0
Add: Current liabilities not expected to be cleared at end of year					
- Employee benefit provisions		1,575,493	1,685,333	1,549,749	1,549,749
Total adjustments to net current assets		(3,538,166)	(3,044,363)	(3,481,273)	(3,481,273)

Net current assets used in the Rate Setting Statement

Total current assets		6,071,233	5,248,307	6,040,428	6,040,428
Less: Total current liabilities		(2,144,452)	(2,203,944)	(2,211,204)	(2,208,602)
Less: Total adjustments to net current assets		(3,538,166)	(3,044,363)	(3,481,273)	(3,481,273)
Net current assets used in the Rate Setting Statement		388,615	0	347,951	350,553

(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards

Total current assets at 30 June 2019				6,040,428
Total current assets at 1 July 2019				6,040,428
Total current liabilities at 30 June 2019				(2,208,602)
- Rates paid in advance	27			(2,602)
Total current liabilities at 1 July 2019				(2,211,204)

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26. FINANCIAL RISK MANAGEMENT

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

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

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk.

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2020					
Cash and cash equivalents	0.01%	1,650,550	0	1,648,813	1,737
Financial assets at amortised cost - term deposits	1.10%	4,081,330	4,081,330	0	0
2019					
Cash and cash equivalents	1.25%	2,181,252	0	2,145,032	36,220
Financial assets at amortised cost - term deposits	2.51%	3,529,149	3,529,149	0	0

Sensitivity

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

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	57,319	57,104

* Holding all other variables constant

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26. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

The Shire's major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The 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 applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. Re-negotiation of repayment terms is expected due to the COVID -19 pandemic.

No expected credit loss was determined for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	86,634	14,216	6,148	3,902	110,900
Loss allowance	0	0	0	0	0
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	36,343	11,986	5,719	501	54,549
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	2.00%	5.00%	8.00%	10.00%	
Gross carrying amount	51,381	1,456	5,050	83,678	141,565
Loss allowance	1,027	73	404	66,119 *	67,623
30 June 2019					
Trade and other receivables					
Expected credit loss	2.00%	5.00%	8.00%	10.00%	
Gross carrying amount	44,427	3,290	5,448	80,006	133,170
Loss allowance	889	165	436	66,133 *	67,623

* Includes specific provision relating to a debtor.

26 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2020					
Payables	308,146	0	0	308,146	308,146
Contract liabilities	16,500	0	0	16,500	16,500
	324,646	0	0	324,646	324,646
2019					
Payables	471,309	0	0	471,309	471,309
	471,309	0	0	471,309	471,309

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27. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

Effective 6 November 2020, *Local Government (Financial Management) Regulation 16* was deleted and *Local Government (Financial Management) Regulation 17A* was amended with retrospective application. The changes were effective for financial years ending on or after 30 June 2020 so are required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 11.

In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

		Carrying amount 30 June 2019	Reclassification	Carrying amount 01 July 2019
	Note	\$	\$	\$
Property, plant and equipment	9(a)	13,991,247	(808,000)	13,183,247
Revaluation surplus	13	29,019,232	(808,000)	28,211,232

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

(b) Changes in equity due to change in accounting policies

The impact on the Shire's opening retained surplus due to the adoption of AASB 15 and AASB 1058 as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			11,691,360
Adjustment to retained surplus from adoption of AASB 15		0	
Adjustment to retained surplus from adoption of AASB 1058		(2,602)	(2,602)
Retained surplus - 1 July 2019			11,688,758

The impact on the Shire's opening revaluation surplus resulting from *Local Government (Financial Management) Regulation 16* being deleted and the amendments to *Local Government (Financial Management) Regulation 17A* as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Revaluation surplus - 30 June 2019	13		29,019,232
Adjustment to revaluation surplus from deletion of FM Reg 16	9(a)	(808,000)	
Adjustment to revaluation surplus from deletion of FM Reg 17	9(a)	0	(808,000)
Revaluation surplus - 1 July 2019			28,211,232

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28. INITIAL APPLICATION OF AUSTRALIAN 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.

(a) AASB 15: Revenue from Contracts with Customers

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

	AASB 118 carrying amount		AASB 15 carrying amount
Note	30 June 2019	Reclassification	01 July 2019
	\$	\$	\$
Contract assets	0	0	0
Contract liabilities - current			
Contract liabilities from contracts with customers	0	0	0
Adjustment to retained surplus from adoption of AASB 15	0	0	0

(b) AASB 1058: Income For Not-For-Profit Entities

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

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB 1058 as compared to AASB 118: Revenue and AASB 1004: Contributions before the change:

	AASB 118 and AASB 1004		AASB 1058
Note	carrying amount	Reclassification	carrying amount
	30 June 2019		01 July 2019
	\$	\$	\$
Trade and other payables			
Rates paid in advance (prepaid rates)	14	0	(2,602)
Adjustment to retained surplus from adoption of AASB 1058		(2,602)	(2,602)

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

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

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FOR THE YEAR ENDED 30 JUNE 2020

28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 118 and 1004 and related Interpretations that were in effect before the change.

		2020 \$		2020 \$
	Note	As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004
Statement of Comprehensive Income				
Revenue				
Rates	24(a)	1,397,049	2,469	1,399,518
Operating grants, subsidies and contributions	2(a)	6,667,928	16,500	6,684,428
Fees and charges	2(a)	1,195,640	0	1,195,640
Non-operating grants, subsidies and contributions	2(a)	700,704	0	700,704
Net result		(321,321)	18,969	(302,352)
Statement of Financial Position				
Trade and other payables	14	308,146	(2,469)	305,677
Contract liabilities	15	16,500	(16,500)	0
Net assets		45,195,876	(18,969)	45,176,907
Statement of Changes in Equity				
Net result		(321,321)	18,969	(302,352)
Retained surplus		11,284,800	18,969	11,303,769

Refer to Note 2(a) for new revenue recognition accounting policies as a result of the application of AASB 15 and AASB 1058.

(c) AASB 16: Leases

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019. In applying AASB 16, under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods. As the Shire does not have any operating leases, no adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019).

29. CORRECTION OF ERROR

During the revaluation of the Shire's road assets in the current financial year, the valuer noted a cell referencing error in the valuation spreadsheet which resulted in an overstatement in the fair value of roads in both the 2017/18 and 2018/19 financial years.

This error has been rectified and the impact on the prior year comparatives has been disclosed below.

	30 June 2018 Original Balance	Increase/ (Decrease)	1 July 2018 Restated
	\$	\$	\$
2018 Statement of Financial Position			
Non Current Assets			
Infrastructure	30,703,306	(2,332,804)	28,370,502
Equity			
Revaluation surplus	31,556,187	(2,332,804)	29,223,383
	30 June 2019 Original Balance	Increase/ (Decrease)	30 June 2019 Restated
	\$	\$	\$
2019 Statement of Financial Position			
Non Current Assets			
Infrastructure	30,111,503	(2,398,901)	27,712,602
Equity			
Revaluation surplus	31,418,133	(2,398,901)	29,019,232
	30 June 2019 Original Balance	Increase/ (Decrease)	30 June 2019 Restated
	\$	\$	\$
Statement of Comprehensive Income			
By Nature or Type			
Total other comprehensive income for the period	(138,054)	(66,097)	(204,151)
Total comprehensive income for the period	(596,100)	(66,097)	(662,197)
By Program			
Total other comprehensive income for the period	(138,054)	(66,097)	(204,151)
Total comprehensive income for the period	(596,100)	(66,097)	(662,197)
	30 June 2019 Original Balance	Increase/ (Decrease)	30 June 2019 Restated
	\$	\$	\$
Note 10 - Infrastructure			
Opening balance	30,703,306	(2,332,804)	28,370,502
Revaluation increments/(decrements)	(138,054)	(66,097)	(204,151)
Carrying amount	30,111,503	(2,398,901)	27,712,602

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29. CORRECTION OF ERROR

	30 June 2019 Original Balance	Increase/ (Decrease)	30 June 2019 Restated
	\$	\$	\$
Note 12 - Revaluation Surplus			
Opening balance	31,556,187	(2,332,804)	29,223,383
Total movement on revaluation	(138,054)	(66,097)	(204,151)
Closing balance	31,418,133	(2,398,901)	29,019,232
	30 June 2019 Original Balance	Increase/ (Decrease)	30 June 2019 Restated
	\$	\$	\$
Note 18 - Total Assets Classified by Function & Activity			
Transport	33,098,013	(2,398,901)	30,699,112
Note 32 - Financial Ratios			
	Original Balance	Increase/ (Decrease)	Restated
2018			
Asset consumption ratio	0.70	(0.04)	0.66
2019			
Asset consumption ratio	0.68	(0.04)	0.64

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30. TRUST FUNDS

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

	1 July 2019	Amounts Received	Amounts Paid	30 June 2020
	\$	\$	\$	\$
Phosphate Hill Open Space (POS)	63,066	956	0	64,022
Taman Sweetland Reserve (POS)	54,543	998	0	55,541
	117,609	1,954	0	119,563

SHIRE OF CHRISTMAS ISLAND

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FOR THE YEAR ENDED 30 JUNE 2020

31. 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.

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32. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES

GOVERNANCE

To provide a decision making process for the efficient allocation of scarce resources.

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

LAW, ORDER, PUBLIC SAFETY

To provide services to ensure a safer and environmentally conscious community.

HEALTH

To provide facilities on Christmas Island for good community health.

EDUCATION AND WELFARE

To provide services, facilities and resources respond to the community need.

HOUSING

To provide reasonable accommodation for staff employed from mainland.

COMMUNITY AMENITIES

To provide services required by the community.

RECREATION AND CULTURE

To provide facilities for recreational, cultural and sporting purposes.

TRANSPORT

To provide all facilities necessary for the safe and efficient transport services to the community.

ECONOMIC SERVICES

To provide services to the community.

OTHER PROPERTY AND SERVICES

To monitor and control council's overheads and overheads and plant accounts.

ACTIVITIES

Includes the activities of members of Council and the administrative support available to the Council for the provision of governance of the district. Other costs related to the task of assisting elected members and ratepayers on matters which do not concern specific local government services.

Rate revenue, Government grants and interest revenue.

Supervision and enforcement of various local laws relating to animal control and other aspects of laws relating to animal control and other aspects of public safety including emergency services.

Health administration and inspection, and other health and preventive services.

Operation of community services, shop-front, senior, youth and school activities.

Provision and Maintenance of staff housing.

Rubbish collections, tip maintenance, litter control, car removal, administration of town planning scheme, maintenance of cemetery, public convenience and community assistance scheme.

Maintenance of halls and community centres, maintenance of parks, gardens and library services, anniversary celebrations and Island newsletters.

Construction and maintenance of roads, footpaths, cycle ways, depot, traffic signs and street signs. Cleaning of streets and maintenance of street trees.

Property leases, weed control and building control.

Private works operation, plant repair and costs.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

33. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	1.70	1.56	1.21
Asset consumption ratio	0.63	0.64	0.66
Asset renewal funding ratio	1.01	1.05	1.18
Asset sustainability ratio	0.61	0.54	0.33
Debt service cover ratio	0.00	0.00	0.00
Operating surplus ratio	(0.37)	(0.33)	(1.50)
Own source revenue coverage ratio	0.26	0.30	0.28

The above ratios are calculated as follows:

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



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Christmas Island

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Christmas Island which comprises the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Christmas Island:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995 (WA)(CI)* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006 (WA)(CI)* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Notes 1 and 11 to the annual financial report, which describes the basis for accounting. The annual financial report has been prepared for the purpose of fulfilling the City's financial reporting responsibilities under the Act. Regulation 17A of the Local Government (Financial Management) Regulations 1996 (Regulations), requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 *Leases* which would have required the entity to measure the vested improvements also at zero cost. My opinion is not modified in respect of this matter.

I draw attention to Notes 1 and 11 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's annual financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations) (WA)(CI), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer and Council for the 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 the annual financial report that is free from material misstatement, whether due to fraud or error. In preparing the annual financial report, the CEO is responsible for assessing the 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.

Auditor's Responsibility for the Audit of the Financial Report

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

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
 - a. The Asset Sustainability Ratio as reported in Note 33 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries (DLGSCI's) standard of 0.90 for the last three financial years;
 - b. The Own Source Revenue Coverage Ratio as reported in Note 33 of the annual financial report is below the DLGSCI's standard of 0.40 for the last three financial years; and
 - c. The Operating Surplus Ratio as reported in Note 33 of the annual financial report is below the DLGSCI's standard of 0.01 for the last three financial years.
- (ii) information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial ratios for 2018 in Note 33 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2018. The auditor expressed an unmodified opinion on the annual financial report for that year.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Christmas Island for the year ended 30 June 2020 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 annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



VINCE TURCO
ACTING ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
30 November 2020