

2022

Annual Report



— SHIRE OF —
CHRISTMAS ISLAND

Contents

ELECTED MEMBERS 2022.....	i
PRESIDENT'S REPORT	ii
CHIEF EXECUTIVE OFFICER'S REPORT	vi
SECTION REPORT.....	x
FINANCE & ADMINISTRATION	x
WORKS & SERVICES.....	xii
COMMUNITY SERVICES, RECREATION & TRAINING.....	xv
GOVERNANCE, RESEARCH, POLICY & GRANTS	xx
FINANCIAL REPORT.....	1
STATEMENT BY CHIEF EXECUTIVE OFFICER.....	2
STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE.....	3
STATEMENT OF FINANCIAL POSITION.....	4
STATEMENT OF CHANGES IN EQUITY.....	5
STATEMENT OF CASH FLOWS.....	6
RATE SETTING STATEMENT.....	7
INDEX OF NOTES TO THE FINANCIAL REPORT.....	8
INDEPENDENT AUDITOR'S REPORT.....	43

ELECTED MEMBERS 2022



Cr Gordon Thomson
Shire President
Retiring 2025



Cr Kee Heng Foo
Deputy President
Retiring 2025



Cr Hafiz Masli
Retiring 2025



Cr Vincent Saw
Retiring 2025



Cr Philip Woo
Retiring 2023



Cr Kelvin Lee
Retiring 2023



Cr Azmi Yon
Retiring 2023



Cr Morgan Soh
Retiring 2023



Cr Farzian Zainal
Retiring 2023

PRESIDENT'S REPORT

On behalf of the Council of the Shire of Christmas Island, I present the Shire of Christmas Island Annual Report for 2022.

Shire operations

This Annual Report has been prepared by the section managers of the Shire, with the oversight of the Chief Executive Officer (CEO). The Councillors thank our Shire staff for preparing this report for our Council and our community. We thank our Shire managers and staff for the support that they have given the Councillors throughout the year. In particular we commend our CEO for his vitality and leadership of the Shire team and the excellent relationship he enjoys with the Councillors which together make for the maximum benefits to our community of the Shire's work.

The Office of the Auditor General has contracted RSM Bird to conduct the audit of the Shire's Financial Report for the year ended 30 June 2022.

Our Shire workers have continued their good works for our community by their dedication to their work on: the unending tasks of roads, building, parks and gardens maintenance; rubbish collections and waste management at the tip; managing health and hygiene programmes; improving the safety of the community with construction of walking paths; creation of popular community amenities at the Foreshore Padang; efficient management of financial and administrative functions and the demanding tasks of compliance with local government regulations and maintaining the highest standards of governance of the Shire; providing community services for seniors, activities for children, library users, citizenship ceremonies and assistance on immigration matters, and organisation of community celebrations and events like Territory Week and the Christmas Island Marathon; planning for our future.

The Shire continues excellent collaborations with the 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 have implemented the road sealing programme: the sealing of North- South Baseline Road to the East-West Baseline Road and we look forward to working with Parks Australia to seal the Parks roads on East-West Baseline Road to North-West Point Road and Murray Road.

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.

- Christmas Island Applied Laws Amendment (Fish Resources Management) Ordinance 2022
- Christmas Island Strategic Assessment (CISA) under the Environmental Protection and Biodiversity Conservation Act 1999
- Review of Local Planning Strategy and Town Planning Scheme
- Land and Economic Futures Charter
- Christmas Island – Singapore Strategy 2018
- Aged Care Services
- Air Services – community input to new air services contract in 2023
- Settlement Sports Hall Redevelopment
- Social Infrastructure including rent to buy arrangements for public housing
- Setting aside Crown land for new housing and new industries

Christmas Island- Singapore Strategy, MINTOPE, IOLC, Agriceuticals, National Phenome Centre

The Shire provided practical support to the MINTOPE (Mining to Plant Enterprises) Project over 9 years. The MINTOPE project provided the basis for the evolution of 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, Agriceuticals Pty Ltd, could be the beginning of commercial production of food and pharmaceutical plants for export to Singapore. Such a development is consistent with our Shire's *Christmas Island- Singapore Strategy 2018* which is being implemented by the Shire with the acknowledgement of our Minister, the Honourable Kristy McBain MP and the Department, and lead by our Planning Consultant, Herve Calmy, Shire CEO and Director of Planning, Compliance and Research. During 2021 a new partner to the IOLC/Agriceuticals project, the Australian National Phenome Centre, travelled to Cocos (Keeling) Islands to conduct a short scientific investigation of Cocos residents' gut health. We look forward to the ongoing work of the IOLC/Agriceuticals/National Phenome Centre project delivering on the promise of better food, medicines and health for the people of Christmas and Cocos (Keeling) Islands.

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 and the requirements of

international covenants on the administration of non-self-governing Territories. We are requesting proper consultation between the community and the Commonwealth Government about the application of WA law and the making of the SDAs (Service Delivery Arrangements) that provide state type services on the Island.

Our advocacy has achieved the making of the *Christmas Island Applied Laws Amendment (Fish Resources Management) Ordinance 2022* and Minister Kristy McBain's appointment of the members of the Shire's Fisheries Management Committee to the Minister's Fisheries Advisory Committee.

This year the Shire has been closely collaborating with the Territories Branch of the Department of Infrastructure Transport, Regional Development, Communications and the Arts (DITRDCA) on the plans for our future – the Christmas Island Strategic Assessment (CISA) and the Shire's Local Planning Strategy (LPS), the outcomes of which will be put out to community consultation in 2023. The process of integrating work on the Department's CISA Plan and the Shire's LPS has involved the WA Department of Planning providing advice on land use and management, such as the release of Crown Land for development and the exercise of the Shire's statutory responsibilities for planning.

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.

At the time sovereignty over the British Colony of Christmas Island was passed to the Commonwealth of Australia in 1958, both the United Kingdom and Australia were signatories to the *Charter of the United Nations*. The *UN Charter* has a specific provision about how colonies such as the Territory of 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.
-

The Shire acknowledges the support and assistance that the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA) gives us to provide the multitude of services enjoyed by our community.

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

17 April 2023

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 21/22.

While the COVID-19 pandemic has continued to disrupt community and business activities in mainland Australia, the Indian Ocean Territories has remained largely COVID free. June 2022 saw the first real wave of infections in the community, but as a result of the work of the IOT Emergency Management Committees, the IOTHS in their outstanding delivery of vaccinations and the two-year long education programs on preventative steps and precautions from the Shire, IOTHS, mainland health agencies and the workplaces around Christmas Island, we have not seen the worst the pandemic could have delivered.

This has allowed many workplaces to continue with the minimal of disruptions as possible. The Shire took advantage of this, with some highlights as below -

- Continued works on the Foreshore Padang precinct, including the major Foreshore Servery, Splash Pad and artworks. Late 2022 has seen the commencement of the final element of the precinct being the dual use footpath.
- Completion of the Drumsite-Poon Saan footpath with late 2022 seeing the Phosphate Hill link being completed.

The Shire looks forward to working with the community in 22/23 to deliver on some long awaited programs for the Island.

Projects on the Shire's schedule for 22/23 are:

- The completion of the Town Planning Scheme No3.,
- Continuing to progress the Indian Ocean Territories Waste Management Strategy with the Commonwealth
- To develop a Redevelopment Master Plan for the Lily Beach Area for public consultation and Council endorsement for 23/24 budget allocation.

Of note the Shire has committed great management resources to working with the Commonwealth on their CI Strategic Assessment to ensure that our Planning Instruments align; the alignment of these two documents as closely as possible helps to safeguard the wellbeing of the Christmas Island community and supporting the future economic growth in the outside the dog's head township that the Island requires.

Finance and Administration

Members of Council and Management staff were involved in the preparation of Council's annual budget for 22/23 which was adopted at the Ordinary Meeting held 26th July 2022.

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 commissioned by the Office of the Auditor General; their 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 2021 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 2021 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 the year 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.

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 Council's 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 Council's 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 21/22 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 2021/22 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.



David Price, Chief Executive Officer

SECTION REPORT

FINANCE & ADMINISTRATION



Finance Section

The main functions of Finance include Financial Reporting, HR and Payroll, Accounts Payable, Accounts Receivable, Rates and Treasury and banking.

First and foremost, the Finance and Admin team would like to offer their sincerest thanks to both Gan So Hon and Kevin Wilson. Their tremendous contributions cannot be expressed in words.

Budget

Council adopted the 2022/23 Budget at its OCM on 26 July 2022. The monthly statement of financial activity is prepared for Council members to ensure that expenditure spent is within budget.

Annual Financial Statement

This is prepared annually in accordance with the LG Act and Regulations and the Australian Accounting Standards ready for the Audit.

Administration Function

The main functions include Record management, IT, website and customer services.

Computer Systems and Softwares

Council uses IT Vision's Synergy soft Financial & Accounting, Payroll, Rating & Records Management.

Microsoft applications are used for on the user end and HP hardware and VM ware applications are used in the Backend of all IT systems and network.



The Shire's 2021/22 Total Expenditure and Revenue are as follows: -



Total Expenditure by Program 2022	
Program	\$
Transport (including local road, foot & bike pats and pavement maintenance, reseal, foreshore works, drainage, line marking, waste and tip)	40.0
Recreation and culture (including parks & garden, sports hall, Community centre & library)	19.5
Community amenities (including sanitation, town planning, cemetery)	15.5
Governance (including Council & admin.)	8.4
Other property and services	7.2
Education and welfare	5.6
Housing (employee & other housing)	2.0
Law, order, public safety (ranger services)	1.9
Economic services (services to residents)	1.4
General purpose funding (admin costs)	1.3
Health (public health, food inspections)	1.2
	\$100

Total Revenue by Nature & Type 2022	
Nature & Type	%
Operating grants, subsidies & contributions	63.1%
Fees and charges (including private works)	13.8%
Rates	13.2%
Non-operating grants, subsidies & contributions	9.0%
Other revenue	0.7%
Interest earnings	0.2%
	100.0%

WORKS & SERVICES

The following was provided by the outgoing Manager of Works and Services Graeme Hedditch. Graeme worked for three years at the Shire of Christmas Island and we wish him well with his return to the mainland with his family. He arrived mid-2019 and essentially managed the entire section during the State of Emergency to 2022 and assisted the necessary health assistance from the municipal level during the pandemic including completing many important works in the roads and infrastructure portfolio too. Thank you Graeme—Acting CEO Chris Su

Achievements 2021 / 2022

Construction and Maintenance

- North South Base Line Road: Construction Work undertaken
- North West Point Road: Improvement works. 3.6km
- Maintain unsealed roads. Grading, Heavy Roller, Water Cart, Front end loader. See photo below of some of the plant and equipment that was used.
- Large Contracted works. I.e. Parks Australia. Completed with very good cooperation from Parks Australia.
- Line marking: Roads and Carparks.
- Speed humps: Painted several times with definitive yellow marking paint.

Shire Housing

- 5 Jalan Ketam Merah. Painting; Roof repairs; Floor repairs.
- 28 Seaview Drive. Minor works including bathroom repairs; maintenance to all sliding doors.

Sentinel Road sweeping

This work is carried out throughout the Shire of Christmas Island on sealed roads

Purchase of New Plant & Equipment

Several items were ordered during 2021 – 2022 however delivery was delayed until July 2022.

A hydraulic crimper was delivered for the Workshop.



Civil Works Team

The Civil Works Team comprises of the Supervisor - Seet Khun Wah; Kassim Ibrahim, Yusri Amat, Hoe Kit Ngan, Anwar Ramlan, Lim Liong, Tan Eng Chai. Shahran Salleh, Johari Hassan, Salih Abu, Robert Yeap, Darren Yeap, Norezefizi Melan, Yan Foong Choy, Ilyas Ramlan and Jesse Wong.

Photo shows some of the Civil Works Team together with a large selection of the plant and equipment that is vital for ensuring the unsealed roads are maintained. The unsealed roads are Parks Australia property, and a contract from the Australian Government allows SoCI to maintain these roads.

Civil Works are generally responsible for the maintenance and construction of the CRA Network and the Shires Township of bitumen roads. The Island has approximately 115 kilometres of roads, almost 35% of which are unsealed.

Parks & Gardens Team

The Parks and Gardens Team comprises of the Supervisor - Chen Weng Aun; Tee Kok Seong, Su Ha Chai, Tony Ho, Nazreen Nasaruddin, Beng Hooi Tan and Ong Kim Siong.



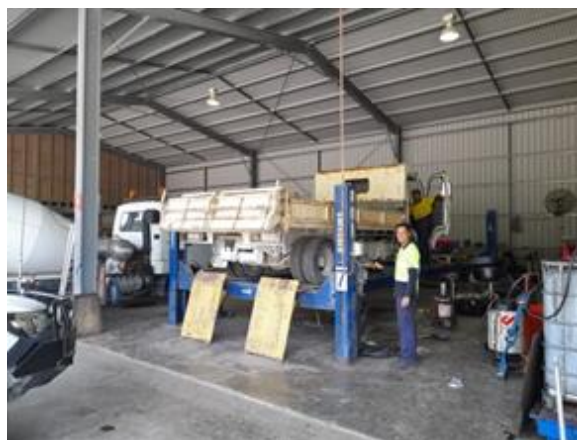
The P&G staff main role is to maintain and improve community parks, reserves and recreational facilities. Their work varies from mowing, watering and cleaning of the Foreshore Padang, Dolly Beach Road, tree trimming, mowing and slashing, Lily Beach & Greta Beach, tree trimming, Gazebo and Toilet cleaning.

Also general maintenance of the Cemetery, mowing and tree removal.

Workshop and Plant Operation Team

The Workshop and Plant Operations Team comprises of the Supervisor - Richard Foo, Chris Wong, Eijas Razak, Ibrahim Hussain, Edmond Ang and apprentice Mohd. Firdaus.

This team is capably led by Richard Foo. The Workshop team carries out all major repair work and servicing of the Council's plant, equipment and vehicle fleet. Ibrahim, Chris and Eijas are all qualified motor and heavy plant mechanics. Edmond Ang is the Shires Auto Electrician. The apprentice Firdaus commenced work this year and is proving himself to be great learner.



WSW Dept. Operational Support, Iris Lim

Iris is responsible for the general administration of the WSW Department. Private Works Documents, MEX asset maintenance system and Cemetery Documents.

Special Projects Team

Supervisor - Peter Tan, Amran Wahid. Rashidi Abd Rahman. Khairul Razaqin. Craig Wood.



The Special Projects team carries out important work on structural projects, footpaths, fencing, boardwalk re-furbishing, curbing, speed hump replacement and many other facets of the community requirements.

The Special Projects Team is nearing completion of the Foreshore Padang area, gazebo's, bike paths, BBQ's, and server areas.

Special Projects team has projects such as the Foreshore Padang. This team was responsible for the significant majority of the construction works at the new skate park facility, volley ball, bowls areas and gazebos. This was a major project this year largely funded by the Local Roads and Community Infrastructure grant from the Commonwealth.

Building, Health and Landfill Waste

Supervisor - Ron De Cruz, Alex Goh, Alex Koh, Rashid Sabtu, Othman Dardak, Kyle William and Ranger Yit-Meng Sho, Eng Kim Hua.

The photo above shows the 24 tonne excavator operated by Jai excavating chalk that is used predominantly for the Shire road repairs.

This Building, Health and Landfill team conducts very important work at various locations, i.e. the landfill site, bin collection and green waste bin collection in and around the Shire of Christmas Island.



The Ranger, Yit-Meng Sho, is predominantly employed to control the chickens and cats throughout the Shire of Christmas Island. He also enforces the local laws around parking, littering and another municipal matters.

The Building Maintenance Officer is Othman Dardak. Othman's role is building maintenance of the Shire's housing, boardwalk maintenance and inspection and repairs of the Foreshore Padang area.

COMMUNITY SERVICES, RECREATION & TRAINING

The Department consists of:

- Director Community /Recreation Services & Training – Olivier Lines
- Youth and Culture Officer – Suzane Chan
- Seniors Officer – Ron Foo
- Media Officer – Sofia Ramie
- Librarian – Susan De Cruz



Overview

Community Services continues to support the Shires, Local Community & Commonwealth initiatives and programs

Recreation

- **July 25th**: *Casino to Cove Family Fun Day* is an event held in partnership with the Shire & Christmas Island Recourse Centre which this attracted 70 participants. The event is a family friendly 10km walk, run, bike from the Casino to the Cove ending with presentations and a BBQ
- **September 19th**: The Christmas Island Marathon continues to evolve as a signature Christmas Island calendar challenge event this year attracting participants from Western Australia. Along with the main 22.1km & 42.2km challenges the Marathon also includes activities that all sections of the community can participate in such as the 5km Dash and 2km fun family walk.
- **October 2nd**: Saw the Official Opening of the Foreshore Padang recreation precinct offering a variety of activities including Volleyball, Lawn Bowls and Skate area. The Opening was celebrated with a sausage sizzle with sports equipment set up for the community to use. The Foreshore Padang Recreation facility fulfils recommendations made in the Christmas Island Sports & Recreation Strategic Plan.

Coach in Residence Program

- Community, Sports & Recreation Services continues to coordinate and support the DSLGC program of providing coaches and instructors for sporting and recreational clinics on Christmas Island. The program is coordinated via consultation and feedback from sporting associations, clubs and Christmas Island District High School (CIDHS). The 2021/ 2022 report year has delivered instructors for Golf, Basketball and AFL clinics. The Shire Community / Recreation Services Dept. has made recommendation after consulting the Christmas Island Youth Association, for a Skate Board clinic to develop skills.

Shire Community Bus

- Continues to transport students from CIDHS to the Recreation Centre for sports programs as well as clinics in support of the Coach in Residence Program to locations such as the Cricket Ground. The bus has recently provided transport for Muslim students from CIDHS to attend Friday prayers.

Environment

Community Services has during 2021 & 2022 continued to be active in providing support for environmental awareness campaigns and clean-up activities in partnership with local environmental and community groups.

- **13th-17th July** Underwater Explorers & CI Divers
- **11th September** Waterfall Bay Clean Up – Sea Sheppard
- **24th September** Blitz the Streets – SOCI Community Clean Up & CI Divers Underwater Cove Clean Up
- **12th November** Dolly Beach Rope Removal - Island Care
- **Fortnightly** Rubbish Pick Up & Empty Bag Drop Off - Greta – Dolly – Ethel Beach



WA Plastic Ban

In conjunction with the Western Australian ban of single use plastics, Community Services with the Shire Ranger have been actively in disseminating information within the community and businesses, encouraging the changeover from single use plastics to Bio friendly and recyclable products.

This has included an audit of one use plastics listed within the WA Stage 1 Plastic Ban implementation which came into effect on July 1st 2022, with the Shire Ranger visiting food outlets, the supermarket & convenient stores, with compliant businesses receiving a Shire Stage 1 Compliance Sticker and Certificate from the Shire President and Chief Executive Officer.



Drink Local Water Campaign

Community Services in partnership with the Department of Water and Environmental Regulation (DWER), have been engaged in a community campaign to lessen the use of plastic water bottles by drinking local water. The Shire and DWER held a Drink Local Water information activity at the Foreshore Recreation Padang promoting local water with free giveaway reusable water bottles. Community Services have along with DWER compiled a map with locations of local water fountains where water bottles can be refilled. Businesses and food outlets that allow or have the capacity to refill bottles receive a sticker which designates the premises as able to refill water bottles.



Christmas Island Environment Care Logo School Competition

The Shire in partnership with the Christmas Island Tourism Association and Christmas Island District High School launched a logo completion for students to come up with a logo and catch phrase which reflected the Islands community care for its environment which would be used on water bottles, bio friendly products and tourism marketing.

Events Activities:

School Holiday program

School Holiday Activities were held in the June July School Holiday break by the Youth & Culture Department of Community Services which included:

- Painting – Training Room
- Sand Art Training Room
- Craft Time – Library

The Shire Community Bus provided transport via all suburbs to the Foreshore Recreation Area from October 5th to 8th October 2021 during the School Holiday period.

Seniors:

- **Stay on Your Feet** – The Shire in partnership with Indian Ocean Territories Health Services (IOTHS) supports each Friday the Stay on Your Feet program held at the Poon Saan Community Hall. The Shire provides staff for activities including ZUMBA, as well as setting the Hall up including sound and video equipment as well as tea and coffee facilities.
- **Senior Respite Program** – Held each Tuesday morning in collaboration with IOTHS, the 3hr program from 0900am to 12pm offers carers free time as well as Seniors a wide range of activities from games to arts and crafts. Community Services staff participate in organising the Centre for activities as well as being of assistance with the day's program.
- **Simple English** – every Thursday from 1-3pm provides a basic English teaching workshop that helps in assisting in day to day experiences from understanding phone bills and where and how to pay to translation of day to day items. The workshop is taken by Shire Seniors Officer Ron Foo.
- **Seniors Week** - commenced Monday 26th of July until the 1st August offering Seniors activities and excursions during the Week with a Gala Senior Week finale Dinner held at Lucky Ho.
- **Excursions / Activities** – are held during the year with trips to Island locations such as Lily Beach utilising the Shires Community Bus. Refreshments and light snacks are provided by the Shire and fruit platters by IOTHS on most outings.

Public Holiday Events & Activities:

- Territory Week 2021 – was held from 01st October until the 6th with Cove Day celebrated on Monday 4th. Again Territory Week focused on the Islands heritage with a historic exhibition held at Tai Jin House during the week until the 6th, the Islands cultures with a display of performances from Christmas Islands Malay and Chinese communities, and our region with a visit from a traditional performing group from Cocos, showcasing the Indian Ocean Territories as a whole. The week also included the Official Opening of the Foreshore Padang Recreation area, a car photo scavenger hunt as well as the traditional Territory Week and Cove Day activities such as Sports Day on Sunday, fishing competitions and raft regattas on Territory Day.

Community Bus Service

Community & Recreation services continue to provide ongoing Bus services predominantly to the Recreation Centre from CIDHS.

The Community Bus commencing in October is utilised by CIDHS to transport Muslim students to the Mosque for Friday prayers.

Other services include events and activities such as, Senior Week & Seniors excursions, Sports programs and activities including Coach in Residence clinics.

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.

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 Librarian organises an arts and crafts activity during the School Holidays held in the Library.

Media Section

Still continues to collate, produce and print the fortnightly Shire Islander newsletter as well as conduct citizenship ceremonies.

Staff Training

A role undertaken by the Director of Community Services, continues to oversee and assist Shire employee requirements such as in keeping with National, Western Australian Industry and Local Government regulations, standards and Shire policy including:

- Allocation of Staff USI numbers. (Unique Student Identification)
- White Card – Construction Site Permit Card application and online / course testing.
- Renewing of Work Safe Cards.
- Renewing Working with Children Cards.
- Yearly CPR refresher courses in maintaining currency for Shires CPR entitlement Policies.
- 1st Aid Courses (3yr).
- Plan refresher courses.
- Identifying or sourcing upskilling requirements as well as training opportunities on offer.

The Community & Recreation Services team looks forward to continuing to be of service to the Christmas Island Community.

GOVERNANCE, RESEARCH, POLICY & GRANTS



Manager of Governance, Research, Policy and Grants, Chris Su

Grant Writing

2021-2022 saw the FAGs allocation for the Shire of Christmas Island continue on a non-factor back model. The desk made additional submissions to the WALGGC in May and July 2022 which assisted to inform the WA Local Government Grants Committee in their calculations for the coming year.

Several successful grant applications and incentives acquired by grants desk in the period:

Australian Museums and Art Gallery Association –	\$ 3,000
Regional and Local Newspaper Publishers Program -	\$ 5,412
National Australia Day Council -	\$22,000
Foundation for Rural & Regional Renewal -	\$ 8,979
Stronger Communities Program -	\$16,000
Community Development Program incentive payments	\$20,000
	<u>\$75,391</u>

Several other grants are still in the progress of execution or awaiting confirmation, including the Phase 3 of the Local Roads and Community Infrastructure Grant of \$675,042 and several applications to the new Indian Ocean Territory Marine Parks Grant Program 2022 to mark the gazettal and establishment of the new Christmas Island Marine National Park.

It is noted Shire was expecting confirmation of their applications for the Building Better Regions Fund Round 6 grant program in October 2022. The BBBRF grant team advised all applicants that the BBBRF is being retired in October 2022, and a new 'Growing Regions' program will be rolled out to replace it in the near future. Grants desk will examine new guidelines for 'Growing Regions' and recommit projects when applications open.

Governance

2021-2022 saw Council continue to work with the community, Commonwealth, NFP and state stakeholders on the development of the Christmas Island Marine National Park. This Marine Park was proclaimed in March 2022 after a year of consultation with the community. The Shire's Fisheries Management Committee and Community Consultative Committee played a large part in engagements with the National Parks senior team assigned to the IOTs to deliver on the process.

As of November 2022, the first Christmas Island Marine Park Management Committee will meet with representatives from the Shire's FMC on the committee.

The Director of Planning also continued working with Town Planning Consultant Herve Calmy and the Commonwealth's Christmas Island Strategic Assessment team to finalise the Town Planning Scheme instrument and Strategic Assessment processes. The Heritage Act 2018 (WA)(CI) was implemented on 1 July 2022 which has necessitated Council to create several heritage documents for Christmas Island to comply with the local government's obligations under this act.

Research and Policy

The section assisted in continued action of opportunities in Council's 2018 *"Christmas Island-Singapore Strategy."* Council assisted two National University of Singapore students undertaking their Masters in Architecture that featured academic research on Christmas Island. Unfortunately both of these students could not visit Christmas Island due to travel restrictions at the time. Both published their works and recognised the Shire's contribution to their research.

As international travel to Australia was resumed in March 2022, this provided Council with the opportunity to have Singaporean contacts visit Christmas Island. Ms. Nabilah Said is a Singaporean playwright who was commissioned by the Malthouse Theatre in Melbourne to develop a play about the Malay experience of Christmas Island. Council supported return airfares from Singapore, use of a vehicle and accommodation at the Shire's contractor's unit for five weeks. The play will undergo pre-production and rehearsals in 2023 with a view to be performed in 2024 in both Australia and Singapore. This assists in actioning the education and cultural research aspects of the CISS 2018.



SHIRE OF CHRISTMAS ISLAND
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

Certification of Financial Report	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Rate Setting Statement	7
Index of Notes to the Financial Report	8
Independent Auditor's Report	43

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

**SHIRE OF CHRISTMAS ISLAND
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

*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 2022 is based on proper accounts and records to present fairly the financial position of the Shire of Christmas Island at 30 June 2022 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 17TH day of APRIL 2023



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 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Restated* \$
Revenue				
Rates	19(a),2(a)	1,474,022	1,472,135	1,403,888
Operating grants, subsidies and contributions	2(a)	7,008,447	6,957,084	6,635,364
Fees and charges	18(c),2(a)	2,127,932	1,763,694	1,593,205
Interest earnings	2(a)	25,029	17,169	39,458
Other revenue	2(a)	65,570	6,200	20,759
		10,701,000	10,216,282	9,692,674
Expenses				
Employee costs		(7,451,107)	(8,126,509)	(6,603,070)
Materials and contracts		(1,220,716)	(700,000)	(885,632)
Utility charges		(70,829)	(120,000)	(78,633)
Depreciation	10(a)	(1,145,500)	(2,483,300)	(1,572,937)
Insurance		(205,728)	(227,174)	(200,755)
Other expenditure	2(b)	(313,066)	(542,186)	(729,186)
		(10,406,946)	(12,199,169)	(10,070,213)
		294,054	(1,982,887)	(377,539)
Capital grants, subsidies and contributions	2(a)	531,121	1,111,751	1,476,962
Loss on asset disposals	10(b)	(1,850)	0	(626,845)
Fair value adjustments to financial assets at fair value through profit or loss		0	0	505
		529,271	1,111,751	850,622
Net result for the period	18(b)	823,325	(871,136)	473,083
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	14	0	0	3,652,508
Total other comprehensive income for the period	14	0	0	3,652,508
Total comprehensive income for the period		823,325	(871,136)	4,125,591

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

*Refer to Note 23 Correction of Prior Period Error.



**SHIRE OF CHRISTMAS ISLAND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	NOTE	2022 \$	Restated* 2021 \$
CURRENT ASSETS			
Cash and cash equivalents	3	1,797,550	1,435,342
Trade and other receivables	5	174,357	607,392
Other financial assets	4(a)	4,754,001	4,178,412
Inventories	6	547,730	553,635
Other assets	7	29,098	15,248
TOTAL CURRENT ASSETS		7,302,736	6,790,029
NON-CURRENT ASSETS			
Property, plant and equipment	8	15,165,074	15,538,324
Infrastructure	9	22,474,858	21,626,193
TOTAL NON-CURRENT ASSETS		37,639,932	37,164,517
TOTAL ASSETS		44,942,668	43,954,546
CURRENT LIABILITIES			
Trade and other payables	11	482,719	561,034
Other liabilities	12	331,746	211,000
Employee related provisions	13	2,132,512	2,017,459
TOTAL CURRENT LIABILITIES		2,946,977	2,789,493
NON-CURRENT LIABILITIES			
Employee related provisions	13	25,225	17,912
TOTAL NON-CURRENT LIABILITIES		25,225	17,912
TOTAL LIABILITIES		2,972,202	2,807,405
NET ASSETS		41,970,466	41,147,141
EQUITY			
Retained surplus		13,341,947	12,752,005
Reserve accounts	21	4,818,699	4,585,316
Revaluation surplus	14	23,809,820	23,809,820
TOTAL EQUITY		41,970,466	41,147,141

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

*Refer to Note 23 for correction of prior period error.



SHIRE OF CHRISTMAS ISLAND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2020		11,750,579	5,113,659	20,157,312	37,021,550
Comprehensive income for the period					
Net result for the period		473,083	0	0	473,083
Restated other comprehensive income for the period	14, 23	0	0	3,652,508	3,652,508
Total comprehensive income for the period		473,083	0	3,652,508	4,125,591
Transfers from reserves	21	630,000	(630,000)	0	0
Transfers to reserves	21	(101,657)	101,657	0	0
Balance as at 30 June 2021		12,752,005	4,585,316	23,809,820	41,147,141
Comprehensive income for the period					
Net result for the period		823,325	0	0	823,325
Total comprehensive income for the period		823,325	0	0	823,325
Transfers from reserves	21	397,501	(397,501)	0	0
Transfers to reserves	21	(630,884)	630,884	0	0
Balance as at 30 June 2022		13,341,947	4,818,699	23,809,820	41,970,466

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 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,668,072	1,452,135	1,236,945
Operating grants, subsidies and contributions		7,366,925	6,927,084	6,572,353
Fees and charges		2,127,932	1,763,694	1,594,037
Interest received		25,029	17,169	39,458
Other revenue		65,570	6,200	20,759
		11,253,528	10,166,282	9,463,552
Payments				
Employee costs		(7,302,408)	(8,126,509)	(6,393,134)
Materials and contracts		(1,332,056)	(705,000)	(1,096,295)
Utility charges		(70,829)	(120,000)	(78,633)
Insurance paid		(205,728)	(227,174)	(200,755)
Other expenditure		(313,066)	(542,186)	(729,186)
		(9,224,087)	(9,720,869)	(8,498,003)
Net cash provided by (used in) operating activities	15(b)	2,029,441	445,413	965,549
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	8(a)	(548,526)	(647,000)	(506,489)
Payments for construction of infrastructure	9(a)	(1,081,779)	(1,511,751)	(2,076,797)
Non-operating grants, subsidies and contributions		531,121	1,111,751	1,476,962
Proceeds from financial assets at amortised cost		(576,896)	183,613	(74,433)
Proceeds from financial assets at fair values through profit and loss		1,307	0	0
Proceeds from sale of property, plant & equipment	10(b)	7,540	0	0
Net cash provided by (used in) investing activities		(1,667,233)	(863,387)	(1,180,757)
Net increase (decrease) in cash held		362,208	(417,974)	(215,208)
Cash at beginning of year		1,435,342	5,590,406	1,650,550
Cash and cash equivalents at the end of the year	15(a)	1,797,550	5,172,432	1,435,342

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 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
NET CURRENT ASSETS - At start of financial year - surplus/(deficit)	20(b)	1,002,136	775,622	388,615
OPERATING ACTIVITIES				
Revenue from operating activities (excluding general rate)				
Operating grants, subsidies and contributions		7,008,447	6,957,084	6,635,364
Fees and charges		2,127,932	1,763,694	1,593,565
Interest earnings		25,029	17,169	39,458
Other revenue		65,570	6,200	20,759
Fair value adjustments to financial assets at fair value through profit or loss		0	0	505
		9,226,978	8,744,147	8,289,651
Expenditure from operating activities				
Employee costs		(7,451,107)	(8,126,509)	(6,603,070)
Materials and contracts		(1,220,716)	(700,000)	(885,632)
Utility charges		(70,829)	(120,000)	(78,633)
Depreciation		(1,145,500)	(2,483,300)	(1,572,937)
Insurance		(205,728)	(227,174)	(200,755)
Other expenditure		(313,066)	(542,186)	(729,186)
Loss on asset disposals	10(b)	(1,850)	0	(626,845)
		(10,408,796)	(12,199,169)	(10,697,058)
Non-cash amounts excluded from operating activities	20(a)	1,276,119	2,483,300	2,195,381
Amount attributable to operating activities		94,301	(971,722)	(212,026)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		531,121	1,111,751	1,476,962
Proceeds from disposal of assets	10(b)	7,540	0	0
Purchase of property, plant and equipment	8(a)	(548,526)	(647,000)	(506,489)
Purchase and construction of infrastructure	9(a)	(1,081,779)	(1,511,751)	(2,076,797)
Amount attributable to investing activities		(1,091,644)	(1,047,000)	(1,106,324)
FINANCING ACTIVITIES				
Transfers to reserves (restricted assets)	21	(630,884)	(625,613)	(101,657)
Transfers from reserves (restricted assets)	21	397,501	442,000	630,000
Amount attributable to financing activities		(233,383)	(183,613)	528,343
Surplus/(deficit) before imposition of general rates		(228,590)	(1,426,713)	(401,392)
Total amount raised from general rates	19(a)	1,474,022	1,472,135	1,403,528
Surplus/(deficit) after imposition of general rates	20(b)	1,245,432	45,422	1,002,136

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

**SHIRE OF CHRISTMAS ISLAND
FOR THE YEAR ENDED 30 JUNE 2022
INDEX OF NOTES TO THE FINANCIAL REPORT**

Note 1	Basis of Preparation	9
Note 2	Revenue and Expenses	10
Note 3	Cash and Cash Equivalents	12
Note 4	Other Financial Assets	12
Note 5	Trade and Other Receivables	13
Note 6	Inventories	13
Note 7	Other Assets	14
Note 8	Property, Plant and Equipment	15
Note 9	Infrastructure	17
Note 10	Fixed Assets	19
Note 11	Trade and Other Payables	22
Note 12	Other Liabilities	23
Note 13	Employee Related Provisions	24
Note 14	Revaluation Surplus	25
Note 15	Notes to the Statement of Cash Flows	26
Note 16	Related Party Transactions	27
Note 17	Financial Risk Management	29
Note 18	Other Significant Accounting Policies	33
Information required by legislation		
Note 19	Rating Information	36
Note 20	Rate Setting Statement Information	39
Note 21	Reserve accounts	40
Note 22	Trust Funds	41
Note 23	Correction of prior period error	42

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for 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.

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 financial 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.

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.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 22 of the financial report.

Judgements and 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 balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation uncertainties made in relation to lease accounting
- estimation of useful lives of non-current assets

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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	Timing of revenue recognition
Operating grants, subsidies and contributions with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
Fees and charges - sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Output method based on goods sold
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	Output method based on works done

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

Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature or types of goods or services is provided in the table below:

For the year ended 30 June 2022

Nature or type

	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	1,474,022	0	1,474,022
Operating grants, subsidies and contributions	547,782	0	0	6,460,665	7,008,447
Fees and charges	1,161,190	0	966,742	0	2,127,932
Interest earnings	15,930	0	9,099	0	25,029
Other revenue	65,270	0	0	300	65,570
Non-operating grants, subsidies and contributions	0	531,121	0	0	531,121
Total	1,790,172	531,121	2,449,863	6,460,965	11,232,121

For the year ended 30 June 2021

Nature or type

	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	1,403,888	0	1,403,888
Operating grants, subsidies and contributions	1,018,222	0	0	5,617,142	6,635,364
Fees and charges	1,593,205	0	0	0	1,593,205
Interest earnings	39,430	0	28	0	39,458
Other revenue	20,759	0	0	0	20,759
Non-operating grants, subsidies and contributions	1,476,962	0	0	0	1,476,962
Total	4,148,578	0	1,403,916	5,617,142	11,169,636

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES (Continued)

	2022 Actual	2022 Budget	2021 Actual
Interest earnings			
Interest on reserve funds	14,438	9,169	37,082
Rates instalment and penalty interest (refer Note 19(c))	9,099	5,000	28
Other interest earnings	1,492	3,000	2,348
	25,029	17,169	39,458
(b) Expenses			
Auditors remuneration			
- Audit of the Annual Financial Report	74,600	60,000	60,000
- Other services	2,200	5,000	2,500
	76,800	65,000	62,500
Other expenditure			
Impairment losses on rates receivables	0	1,000	0
Impairment losses on receivables from contracts with customers	0	0	68,455
Sundry expenses	313,066	541,186	660,731
	313,066	542,186	729,186

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

3. CASH AND CASH EQUIVALENTS

Cash at bank and on hand
Total cash and cash equivalents

Held as
 - Unrestricted cash and cash equivalents
 - Restricted cash and cash equivalents

Note	2022	2021
	\$	\$
	1,797,550	1,435,342
15(a)	1,797,550	1,435,342
	1,711,510	1,005,789
15(a)	86,040	429,553
	1,797,550	1,435,342

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.

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

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. 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 and for which no liability has been recognised.

Details of restrictions on financial assets can be found at Note 15.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost
 Financial assets at fair value through profit and loss

Other financial assets at amortised cost

Term deposits

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

Held as

- Unrestricted other financial assets at amortised cost
 - Restricted other financial assets at amortised cost

	2022	2021
	\$	\$
	4,732,659	4,155,763
	21,342	22,649
	4,754,001	4,178,412
	4,732,659	4,155,763
	4,732,659	4,155,763
	21,342	22,649
	21,342	22,649
15(a)	21,342	22,649
	4,732,659	4,155,763
	4,754,001	4,178,412

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.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 18 (i)) due to the observable market rates.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

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 17.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

5. TRADE AND OTHER RECEIVABLES

Current

Rates receivable
 Trade and other receivables
 Allowance for credit losses of trade and other receivables

Note	2022	2021
	\$	\$
	81,468	276,771
	161,344	399,076
17(b)	(68,455)	(68,455)
	<u>174,357</u>	<u>607,392</u>

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 grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

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 17.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Shire 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.

6. INVENTORIES

Current

Fuel and materials

2022	2021
\$	\$
547,730	553,635
<u>547,730</u>	<u>553,635</u>

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year

Additions to inventory

Balance at end of year

553,635	553,635
(402,847)	0
396,942	0
<u>547,730</u>	<u>553,635</u>

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 2022

7. OTHER ASSETS

Other assets - current

Prepayments

Accrued income

2022	2021
\$	\$
3,044	8,960
26,054	6,288
29,098	15,248

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 2022

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Note	Land	Buildings - non- specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Work in progress	Total property, plant and equipment
		\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020		2,201,189	1,173,449	6,743,370	10,118,008	412,885	2,527,954	0	13,058,847
Additions		0	52,228	31,045	83,273	149,884	273,332	0	506,489
Disposals		0	0	(387,775)	(387,775)	(873)	0	0	(388,648)
Revaluation increments / (decrements) transferred to revaluation surplus		498,167	0	2,665,044	3,163,211	0	0	0	3,163,211
Correction of prior period error	23	0	0	0	0	(76,317)	0	0	(76,317)
Depreciation	10(a)	0	(29,454)	(366,007)	(395,461)	(72,608)	(458,081)	0	(926,150)
Transfers		278,644	0	0	278,644	0	(77,752)	0	200,892
Restated balance at 30 June 2021		2,978,000	1,196,223	8,685,677	12,859,900	412,971	2,265,453	0	15,538,324
Comprises:									
Gross balance amount at 30 June 2021		2,978,000	1,196,223	8,685,677	12,859,900	594,342	4,584,981	0	18,039,223
Accumulated depreciation at 30 June 2021		0	0	0	0	(181,371)	(2,319,528)	0	(2,500,899)
Restated balance at 30 June 2021		2,978,000	1,196,223	8,685,677	12,859,900	412,971	2,265,453	0	15,538,324
Additions		0	93,669	6,187	99,856	181,358	42,637	224,675	548,526
Disposals		0	0	0	0	0	(9,390)	0	(9,390)
Depreciation	10(a)	0	(34,100)	(227,224)	(261,324)	(163,904)	(415,989)	0	(841,217)
Transfers		0	(71,169)	0	(71,169)	0	0	0	(71,169)
Balance at 30 June 2022		2,978,000	1,184,623	8,464,640	12,627,263	430,425	1,882,711	224,675	15,165,074
Comprises:									
Gross balance amount at 30 June 2022		2,978,000	1,218,723	8,691,864	12,888,587	775,701	4,605,234	224,675	18,494,197
Accumulated depreciation at 30 June 2022		0	(34,100)	(227,224)	(261,324)	(345,276)	(2,722,523)	0	(3,329,123)
Balance at 30 June 2022		2,978,000	1,184,623	8,464,640	12,627,263	430,425	1,882,711	224,675	15,165,074

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2021	Price per hectare
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2021	Price per square meter
Buildings - specialised	3	Improvements to land valued using cost approach using current replacement costs	Independent registered valuers	June 2021	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.					
(ii) Cost					
Furniture and equipment		Cost	Cost		Purchase cost
Plant and equipment		Cost	Cost		Purchase cost

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Note	Infrastructure - roads \$	Infrastructure - other \$	Work in progress \$	Total Infrastructure \$
Balance at 1 July 2020		18,373,070	1,415,342	0	19,788,412
Additions		890,695	1,186,102	0	2,076,797
(Disposals)		0	(238,197)	0	(238,197)
Revaluation increments / (decrements) transferred to revaluation surplus		(145,909)	24,528	0	(121,381)
Correction of prior period error	23	0	689,596	0	689,596
Depreciation	10(a)	(518,059)	(128,727)	0	(646,786)
Transfers		0	77,752	0	77,752
Restated balance at 30 June 2021		18,599,797	3,026,396	0	21,626,193
Comprises:					
Gross balance at 30 June 2021		25,642,612	3,026,396	0	28,669,008
Accumulated depreciation at 30 June 2021		(7,042,815)	0	0	(7,042,815)
Restated balance at 30 June 2021		18,599,797	3,026,396	0	21,626,193
Additions		723,494	358,285	0	1,081,779
Depreciation	10(a)	(157,776)	(146,507)	0	(304,283)
Transfers		80,437	(178,443)	169,175	71,169
Balance at 30 June 2022		19,245,952	3,059,731	169,175	22,474,858
Comprises:					
Gross balance at 30 June 2022		26,446,543	3,206,238	169,175	29,821,956
Accumulated depreciation at 30 June 2022		(7,200,591)	(146,507)	0	(7,347,098)
Balance at 30 June 2022		19,245,952	3,059,731	169,175	22,474,858

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
	Infrastructure - roads	3	Cost approach using current replacement cost	Management valuation	June 2020	Constructions costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
	Infrastructure - other	3	Cost approach using current replacement cost	Independent registered valuers	June 2021	Constructions 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 2022

10. FIXED ASSETS

(a) Depreciation

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Buildings - non-specialised	8(a)	34,100	46,300	29,454
Buildings - specialised	8(a)	227,224	448,000	366,007
Furniture and equipment	8(a)	163,904	89,000	72,608
Plant and equipment	8(a)	415,989	600,000	458,081
Infrastructure - roads	9(a)	157,776	1,065,000	518,059
Infrastructure - other	9(a)	146,507	85,000	128,727
Infrastructure - drainage	9(a)	0	150,000	0
		1,145,500	2,483,300	1,572,937

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 years
Furniture and equipment	1 to 14 years
Plant and equipment	8 to 10 years
Roads	40 years
Formation	not depreciated
Pavement	50 years
Seal	15 years
Kerbs	25 years
Other Infrastructure	14 to 20 years
Drainage	20 years

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

10. FIXED ASSETS (Continued)

(b) Disposals of assets

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings - specialised	0	0	0	0	0	0	0	0	387,775	0	0	(387,775)
Furniture and equipment	0	0	0	0	0	0	0	0	873	0	0	(873)
Plant and equipment	6,390	7,540	0	(1,850)	0	0	0	0	0	0	0	0
Infrastructure - other	0	0	0	0	0	0	0	0	238,197	0	0	(238,197)
	9,390	7,540	0	(1,850)	0	0	0	0	626,845	0	0	(626,845)

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
	\$	\$	\$	\$
Plant and Equipment	9,390	7,540	0	(1,850)
Recreation and culture	9,390	7,540	0	(1,850)

10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. 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 scheduled revaluation dates 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 revaluation date in accordance with the mandatory measurement framework.

Revaluation

The fair value of land, buildings and infrastructure 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 carrying amount for each asset class 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 and vested improvements to be shown at fair value.

Revaluation (continued)

For property, plant and equipment and infrastructure, 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. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, 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 on revaluation

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

- (i) 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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

11. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Accrued payroll liabilities
 Sick leave bonus
 Accrued expenses

2022	2021
\$	\$
239,239	311,964
2,746	3,999
102,996	76,663
134,622	97,617
3,116	70,791
482,719	561,034

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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.

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 usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

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 2022

12. OTHER LIABILITIES

Current

Contract liabilities

Reconciliation of changes in contract liabilities

Opening balance

Additions

Revenue from contracts with customers included as a contract liability at the start of the period

	2022 \$	2021 \$
	331,746	211,000
	331,746	211,000
	211,000	16,500
	331,746	194,500
	(211,000)	0
	331,746	211,000
	331,746	0

The Shire expects to satisfy the performance obligations from contracts with customers unsatisfied at the end of the reporting period to be satisfied within the next 12 months.

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as revenue when the obligations in the contract are satisfied.

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 18(i)) due to the unobservable inputs, including own credit risk.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

13. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions

Employee benefit provisions

Annual Leave

Long Service Leave

Non-current provisions

Long Service Leave

	2022	2021
	\$	\$
Annual Leave	820,711	874,511
Long Service Leave	1,311,801	1,142,948
	2,132,512	2,017,459
Long Service Leave	25,225	17,912
	25,225	17,912
	2,157,737	2,035,371

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

More than 12 months from reporting date

Note	2022	2021
	\$	\$
Less than 12 months after the reporting date	1,020,000	376,563
More than 12 months from reporting date	1,137,737	1,658,808
	2,157,737	2,035,371

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

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

Long-term employee benefits provisions 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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

14. REVALUATION SURPLUS

	2022 Opening Balance	2022 Revaluation (Decrement)	2022 Closing Balance	2021 Opening Balance	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and buildings	8,886,784	0	8,886,784	5,726,173	3,163,211	(2,600)	3,160,611	8,886,784
Revaluation surplus - Furniture and equipment	264,640	0	264,640	264,640	0	0	0	264,640
Revaluation surplus - Plant and equipment	569,828	0	569,828	569,828	0	0	0	569,828
Revaluation surplus - Infrastructure - roads	14,065,241	0	14,065,241	14,211,150	0	(145,909)	(145,909)	14,065,241
Revaluation surplus - Infrastructure - other	23,327	0	23,327	(614,479)	637,806	0	637,806	23,327
	23,809,820	0	23,809,820	20,157,312	3,801,017	(148,509)	3,652,508	23,809,820

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

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	1,797,550	5,172,432	1,435,342

Restrictions

The following classes of financial 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	3	86,040	612,527	429,553
- Financial assets at amortised cost	4	4,732,659	4,155,763	4,155,763
		4,818,699	4,768,290	4,585,316

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

Restricted reserve accounts	21	4,818,699	4,768,290	4,585,316
Total restricted financial assets		4,818,699	4,768,290	4,585,316

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

Net result		823,325	(871,136)	473,083
Non-cash items:				
Adjustments to fair value of financial assets at fair value through profit and loss		0	0	(505)
Depreciation/amortisation		1,145,500	2,483,300	1,572,937
(Profit)/loss on sale of asset		1,850	0	626,845
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		433,035	(50,000)	(422,550)
(Increase)/decrease in other assets		(13,850)	0	10,655
(Increase)/decrease in inventories		5,905	200,000	(447,171)
Increase/(decrease) in trade and other payables		(78,315)	(200,000)	250,286
Increase/(decrease) in employee related provisions		122,366	0	184,431
Increase/(decrease) in other liabilities		120,746	(5,000)	194,500
Non-operating grants, subsidies and contributions		(531,121)	(1,111,751)	(1,476,962)
Net cash provided by/(used in) operating activities		2,029,441	445,413	965,549

(c) 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	(11,707)	(7,216)
Total amount of credit unused	528,293	532,784

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

16. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

Councillor - G Thomson

President's annual allowance
Meeting attendance fees
Travel and accommodation expenses

Councillor 2 - F K Heng

Deputy President's annual allowance
Meeting attendance fees
Travel and accommodation expenses

Councillor 3 - P Woo

Meeting attendance fees
Travel and accommodation expenses

Councillor 4 - V Saw

Meeting attendance fees
Travel and accommodation expenses

Councillor 5 - A Yon

Meeting attendance fees
Travel and accommodation expenses

Councillor 6 - M Soh

Meeting attendance fees
Travel and accommodation expenses

Councillor 7 - K Lee

Meeting attendance fees
Travel and accommodation expenses

Councillor 8 - F Zainai

Meeting attendance fees
Travel and accommodation expenses

Councillor 9 - H Masli

Meeting attendance fees
Travel and accommodation expenses

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
	36,957	36,957	36,957
	25,308	25,342	25,342
	8,999	10,000	8,630
	71,264	72,299	70,929
	9,239	9,239	9,239
	16,332	16,367	16,367
	7,430	7,000	0
	33,001	32,606	25,606
	16,334	16,367	16,367
	5,497	7,000	0
	21,831	23,367	16,367
	16,334	16,367	16,367
	0	7,000	0
	16,334	23,367	16,367
	16,334	16,367	16,367
	15,274	7,000	0
	31,608	23,367	16,367
	16,334	16,367	16,367
	9,016	7,000	0
	25,350	23,367	16,367
	16,334	16,367	16,367
	8,473	7,000	0
	24,807	23,367	16,367
	16,334	16,367	16,367
	8,088	7,000	0
	24,422	23,367	16,367
	16,634	16,367	16,367
	9,876	7,000	0
	26,510	23,367	16,367
	275,127	268,474	211,104

Fees, expenses and allowances to be paid or reimbursed to elected council members.

President's annual allowance
Deputy President's annual allowance
Meeting attendance fees
Travel and accommodation expenses

	2022 Actual \$	2022 Budget \$	2021 Actual \$
	36,957	36,957	36,957
	9,239	9,239	9,239
	156,278	156,278	156,278
	72,653	66,000	8,630
16(b)	275,127	268,474	211,104

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

16. RELATED PARTY TRANSACTIONS (Continued)

(b) Key Management Personnel (KMP) Compensation

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

	2022 Actual \$	2021 Actual \$
Short-term employee benefits	764,572	753,760
Post-employment benefits	102,245	98,012
Employee - other long-term benefits	89,105	12,705
Employee - termination benefits	45,573	0
Council member costs	275,127	211,104
16(a)	1,276,622	1,075,581

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

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

Other long-term benefits

These amounts represent annual leave and long service leave entitlements 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).

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

(c) Transactions with related parties

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

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

In addition to KMP compensation above the following transactions occurred with related parties:

	2022 Actual \$	2021 Actual \$
Sale of goods and services	0	70,200

(d) 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 council member, are considered key management personnel.

ii. Other Related Parties

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

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Shire.

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.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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

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

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

(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. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

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, term deposits, and Treasury bonds 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 \$
2022					
Cash and cash equivalents	0.01%	1,797,550	0	1,797,550	0
Financial assets at amortised cost - term deposits	0.02%	4,732,659	4,732,659	0	0
2021					
Cash and cash equivalents	0.01%	1,435,342	0	1,428,586	6,756
Financial assets at amortised cost - term deposits	0.02%	4,155,763	4,155,763	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.

	2022 \$	2021 \$
Impact of a 1% movement in interest rates on profit and loss and equity*	17,976	14,286

* Holding all other variables constant

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

17. 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 able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

The 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 2021 or 1 July 2022 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.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

	Less than 1 month past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total	Note
30 June 2022						
Rates receivable						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	81,468	0	0	0	81,468	
Loss allowance	0	0	0	0	0	5
30 June 2021						
Rates receivable						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	231,163	30,473	11,014	4,121	276,771	
Loss allowance	0	0	0	0	0	5

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

	Less than 1 month past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total	
30 June 2022						
Trade and other receivables						
Expected credit loss	0.00%	0.00%	0.00%	77.00%		
Gross carrying amount	89,187	362	992	70,803	161,344	
Loss allowance	0	0	0	68,445	68,445	5
30 June 2021						
Trade and other receivables						
Expected credit loss	17.00%	0.00%	0.00%	95.00%		
Gross carrying amount	396,534	0	0	2,542	399,076	
Loss allowance	66,040	0	0	2,415	68,455	5

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

17. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

The loss allowances for trade receivables and contract assets as at 30 June reconcile to the opening loss allowances as follows:

	Rates receivable		Trade and other receivables		Contract Assets	
	2022 Actual	2021 Actual	2022 Actual	2021 Actual	2022 Actual	2021 Actual
	\$	\$	\$	\$	\$	\$
Opening loss allowance as at 1 July	0	0	68,455	0	0	0
Unused amount reversed	0	0	0	68,455	0	0
Closing loss allowance at 30 June	0	0	68,455	68,455	0	0

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Shire, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Contract Assets

The Shire's contract assets represent work completed, which have not been invoiced at year end. This is due to the Shire not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The Shire applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Shire has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

17. 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(c).

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
	\$	\$	\$	\$	\$
2022					
Trade and other payables	476,857	0	0	476,857	476,857
Contract liabilities	331,746	0	0	331,746	331,746
	808,603	0	0	808,603	808,603
2021					
Trade and other payables	486,244	0	0	486,244	486,244
Contract liabilities	211,000	0	0	211,000	211,000
	697,244	0	0	697,244	697,244

18. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to, the ATO are presented as operating cash flows.

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) Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost 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).

i) 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.

j) 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 regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

k) Initial application of accounting standards

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

New accounting standards for application in future years

The following new accounting standards will have application to local government in future years:

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-7 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

It is not expected these standards will have an impact on the financial report.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Income excluding grants, subsidies and contributions			
Governance	547,689	5,000	29,173
General purpose funding	1,505,001	1,495,304	1,443,347
Health	14,360	18,000	18,720
Housing	25,350	47,000	46,200
Community amenities	1,073,651	768,294	1,007,243
Recreation and culture	31,917	111,600	23,591
Transport	421,507	776,000	391,268
Economic services	32,407	32,000	88,040
Other property and services	40,671	6,000	10,233
	3,692,553	3,259,198	3,057,815
Grants, subsidies and contributions			
Governance	3,611	0	724
General purpose funding	6,460,665	6,876,684	6,569,513
Law, order, public safety	681	900	17,133
Health	1,472	1,000	1,566
Education and welfare	0	2,000	2,476
Recreation and culture	119,351	68,500	52,000
Transport	946,061	1,111,751	1,460,462
Other property and services	7,727	8,000	8,452
	7,539,568	8,068,835	8,112,326
Total Income	11,232,121	11,328,033	11,170,141
Expenses			
Governance	(883,776)	(922,492)	(725,188)
General purpose funding	(131,192)	(149,321)	(140,017)
Law, order, public safety	(198,960)	(241,233)	(180,705)
Health	(127,254)	(185,382)	(106,074)
Education and welfare	(585,881)	(680,710)	(579,383)
Housing	(212,291)	(184,215)	(152,783)
Community amenities	(1,625,607)	(2,038,602)	(1,641,776)
Recreation and culture	(2,046,163)	(2,603,901)	(2,597,958)
Transport	(3,760,630)	(4,449,035)	(3,863,774)
Economic services	(149,613)	(254,278)	(131,407)
Other property and services	(687,429)	(490,000)	(577,993)
Total expenses	(10,408,796)	(12,199,169)	(10,697,058)
Net result for the period	823,325	(871,136)	473,083

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. FUNCTION AND ACTIVITY (Continued)

(c) Fees and Charges

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
General purpose funding	502,411	6,000	0
Health	14,360	18,000	18,720
Housing	25,350	47,000	46,200
Community amenities	1,070,187	768,294	1,007,243
Recreation and culture	33,131	110,400	23,513
Transport	63,905	776,000	16,466
Economic services	32,407	32,000	88,040
Other property and services	386,181	6,000	393,023
	2,127,932	1,763,694	1,593,205

(d) Total Assets

	2022	Restated 2021
	\$	\$
Governance	862,486	264,600
General purpose funding	1,739,983	0
Law, order, public safety	0	14,803
Health	18,448	37,128
Housing	22,500	2,175,000
Community amenities	470,468	1,036,278
Recreation and culture	433,405	8,783,688
Transport	24,347,389	26,401,430
Economic services	75,662	835,624
Other property and services	16,972,327	39,891
Unallocated	0	4,366,104
	44,942,668	43,954,546

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

19. RATING INFORMATION

(a) General Rates

RATE TYPE		Rate in \$	Number of Properties	2021/22 Actual Rateable Value *	2021/22 Actual Rate Revenue	2021/22 Actual Interim Rates	2021/22 Actual Back Rates	2021/22 Actual Total Revenue	2021/22 Budget Rate Revenue	2021/22 Budget Interim Rate	2021/22 Budget Back Rate	2021/22 Budget Total Revenue	2020/21 Actual Total Revenue
Rate Description	Basis of valuation												
Residential	Gross rental valuation	9.8877	454	8,767,118	868,866	0	0	868,866	868,866	0	0	868,866	844,189
Commercial	Gross rental valuation	9.8877	89	1,960,676	193,866	0	0	193,866	192,838	0	0	192,838	188,134
DIAC	Gross rental valuation	0	21	1,210,320	0	0	0	0	0	0	0	0	0
Unallocated	Gross rental valuation	9.8877	4	63,960	6,324	0	0	6,324	6,324	0	0	6,324	6,170
Rural	Gross rental valuation	9.8877	2	45,280	4,477	0	0	4,477	4,477	0	0	4,477	4,368
Industrial	Gross rental valuation	9.8877	12	227,160	22,461	0	0	22,461	22,461	0	0	22,461	21,913
Exempt	Gross rental valuation	0	163	0	0	0	0	0	0	0	0	0	0
Industrial	Unimproved valuation	32.4000	1	630,000	204,120	0	0	204,120	204,120	0	0	204,120	133,198
Mining	Unimproved valuation	32.4000	5	521,568	168,988	0	0	168,988	166,554	0	0	166,554	224,095
Sub-Total			751	13,426,082	1,467,102	0	0	1,467,102	1,463,640	0	0	1,463,640	1,422,067
Minimum payment													
Residential	Gross rental valuation	596	5	19,050	2,980	0	0	2,980	2,980	0	0	2,980	2,910
Commercial	Gross rental valuation	596	18	60,886	9,536	0	0	9,536	9,536	0	0	9,536	9,312
Unallocated	Gross rental valuation	596	37	92,500	22,052	0	0	22,052	22,052	0	0	22,052	21,534
Industrial	Gross rental valuation	596	5	13,520	2,980	0	0	2,980	2,980	0	0	2,980	0
Exempt	Gross rental valuation	0	0	0	0	0	0	0	0	0	0	0	2,910
Mining	Unimproved valuation	359	3	1,500	1,077	0	0	1,077	351	0	0	351	351
Mining	Gross rental valuation	596	1	0	596	0	0	596	596	0	0	596	582
Sub-Total			67	187,456	39,221	0	0	39,221	38,495	0	0	38,495	37,599
			818	13,613,538	1,506,323	0	0	1,506,323	1,502,135	0	0	1,502,135	1,459,666
Discounts on general rates (Refer note 19(b))								(32,301)				(30,000)	(56,138)
Total amount raised from general rates								1,474,022				1,472,135	1,403,528
* Rateable value is based on the value of properties at the time the rate is raised.													
Prepaid rates/penalties/admin								0				0	360
(b) Total Rates								1,474,022				1,472,135	1,403,888

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 *Income for not-for-profit entities*.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

19. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Type	Discount %	Discount \$	2022 Actual \$	2022 Budget \$	2021 Actual \$	Circumstances in which Discount is Granted
Rates	Rate	2.50%		32,301	30,000	56,007	
				32,301	30,000	56,007	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Waiver/ Concession	Discount %	Discount \$	2022 Actual \$	2022 Budget \$	2021 Actual \$
Rates	Rate	Waiver	2.50%		0	1,000	131
					0	1,000	131
Total discounts/concessions (Note 19)					32,301	31,000	56,138

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

19. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	14/09/2021	0.0	0.00%	0.00%
Option Two				
First instalment	14/09/2021	0.0	10.00%	0.00%
Second instalment	15/11/2021	16.0	10.00%	0.00%
Third instalment	14/01/2022	16.0	10.00%	0.00%
Fourth instalment	14/03/2022	16.0	10.00%	0.00%

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Interest on unpaid rates	9,099	5,000	28
Charges on instalment plan	1,952	5,000	1,890
	11,051	10,000	1,918

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

20. RATE SETTING STATEMENT INFORMATION

		2021/22 Budget	2020/21
	2021/22 (30 June 2022)	(30 June 2022)	(30 June 2021)
Note	Carried Forward)	Carried Forward)	Carried Forward
	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Fair value adjustments to financial assets at fair value through profit and loss	0	0	(5,591)
Less: Movement in liabilities associated with restricted cash	121,456	0	14,917
Less: Fair value adjustments to financial assets at fair value through profit and loss	0	0	(505)
Add: Loss on disposal of assets	10(b) 1,850	0	626,845
Add: Depreciation	10(a) 1,145,500	2,483,300	1,572,937
Non-cash movements in non-current assets and liabilities:			
Employee benefit provisions	7,313	0	(13,222)
Non-cash amounts excluded from operating activities	1,276,119	2,483,300	2,195,381
(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 <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Financial assets - restricted	0	(4,668,290)	0
Less: Reserve accounts	21 (4,818,699)	(4,768,290)	(4,585,316)
- Land held for resale	0	(278,644)	0
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of contract liability held in reserve	0	1,706,348	0
- Employee benefit provisions	1,708,372	(343,653)	1,586,916
Total adjustments to net current assets	(3,110,327)	(8,352,529)	(2,998,400)
Net current assets used in the Rate Setting Statement			
Total current assets	7,302,736	10,938,022	6,790,029
Less: Total current liabilities	(2,946,977)	(2,585,493)	(2,789,493)
Less: Total adjustments to net current assets	(3,110,327)	(8,352,529)	(2,998,400)
Net current assets used in the Rate Setting Statement	1,245,432	0	1,002,136

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

21. RESERVE ACCOUNTS

	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance	2022 Budget Opening Balance	2022 Budget Transfer to	2022 Budget Transfer (from)	2022 Budget Closing Balance	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Employee benefits	1,586,916	121,456	0	1,708,372	1,586,729	119,619	0	1,706,348	1,575,493	11,423	0	1,586,916
(b) Plant and machinery	1,071,638	103,383	(277,501)	897,520	1,071,503	102,143	(320,000)	853,646	1,141,363	8,275	(78,000)	1,071,638
(c) Furniture and equipment	684,796	102,161	(120,000)	666,957	684,707	101,369	(120,000)	666,076	749,363	5,433	(70,000)	684,796
(d) Buildings	558,442	101,764	0	660,206	558,362	101,116	0	659,478	683,487	4,955	(130,000)	558,442
(e) Welfare fund	85,716	232	0	85,948	85,674	171	(2,000)	83,845	85,092	624	0	85,716
(f) Recreation services	75,233	50,237	0	125,470	75,195	50,150	0	125,345	322,892	2,341	(250,000)	75,233
(g) Waste management	355,706	101,123	0	456,829	355,651	100,711	0	456,362	454,410	3,296	(102,000)	355,706
(h) Road works and materials	102,295	50,324	0	152,619	102,283	50,205	0	152,488	101,559	736	0	102,295
(i) Parks and gardens	64,574	204	0	64,778	64,573	129	0	64,702	0	64,574	0	64,574
	4,585,316	630,884	(397,501)	4,818,699	4,584,677	625,613	(442,000)	4,768,290	5,113,659	101,657	(630,000)	4,585,316

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) Employee benefits	Ongoing	to fund annual and long service leave requirements
(b) Plant and machinery	Ongoing	to purchase new major plant
(c) Furniture and equipment	Ongoing	to purchase new furniture & equipment
(d) Buildings	Ongoing	to upgrade staff housing
(e) Welfare fund	Ongoing	for specific community purposes
(f) Recreation services	Ongoing	to upgrade recreation services and purchase new plant, furniture & equipment
(g) Waste management	Ongoing	to upgrade tip site and purchase new plant & equipment
(h) Road works and materials	Ongoing	for the purpose of road works and purchase of materials
(i) Parks and gardens	Ongoing	to hold open space contributions as required by the Planning & Development Act 2005

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

22. 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 2021	Amounts Received	Amounts Paid	30 June 2022
	\$	\$	\$	\$
Tarman Sweetland Reserve (POS)	55,845	0	0	55,845
	55,845	0	0	55,845

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

23. CORRECTION OF PRIOR PERIOD ERROR

During the current year, the Shire has identified errors arising from a reconciliation of the fixed asset register with the general ledger. The errors are resulted from incorrect processing of the revaluation of infrastructure other and furniture and equipment assets in the prior year. As a result, the comparative figures have been restated resulting in an increase in the infrastructure assets, a decrease in furniture and equipment and an increase in the revaluation reserve in the financial statement for the year ended 30 June 2022. The figures reported in the previous year and the restated amounts are shown in the table below.

Statement of Financial Position (Extract)	Reported at 30 June 2021	Increase/ (Decrease)	30 June 2021 (Restated)
	\$	\$	\$
Property, plant and equipment	15,614,641	(76,317)	15,538,324
Infrastructure	20,936,598	689,595	21,626,193
Net Assets	40,533,863	613,278	41,147,141
Revaluation surplus	23,196,542	613,278	23,809,820
Total Equity	40,533,863	613,278	41,147,141

Statement of Comprehensive Income (Extract)	Reported at 30 June 2021	Increase/ (Decrease)	30 June 2021 (Restated)
	\$	\$	\$
Changes in asset revaluation surplus	3,039,230	613,278	3,652,508
Total comprehensive income for the period	3,512,313	613,278	4,125,591



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 Shire of Christmas Island

To the Councillors of the Shire of Christmas Island

Opinion

I have audited the financial report of the Shire of Christmas Island (Shire) which comprises:

- the Statement of Financial Position at 30 June 2022, and the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report:

- is based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2022 and its financial position at the end of that period
- is in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Chief Executive Officer (CEO) is responsible for preparing and the Council for overseeing, the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

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

The Chief Executive Officer of the Shire is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- 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 responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality control relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Christmas Island for the year ended 30 June 2022 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
17 April 2023