



# **SHIRE OF CHRISTMAS ISLAND**



## **ANNUAL REPORT 2021**

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# ELECTED MEMBERS

## 2021



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

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

### **Shire operations**

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

The Office of the Auditor General has contracted RSM to conduct the audit of the Shire's Financial Report for the year ended 30 June 2021. The auditor's opinion is that the Shire's Financial Report meets the standards required. Again I congratulate our Shire staff on their achievement in compliance and management of our resources.

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

The Shire continues excellent collaborations with the Neighbourhood Centre (Community Resource Centre), Chinese Literary Association, the Christmas Island Women's Association, the Health Service, the Islamic Council and Malay Association. Our roads programme is developed in collaboration with the Indian Ocean Territories Administration, Parks Australia and CIP. We 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.

The COVID-19 pandemic has now arrived on Christmas Island. This means measures may be implemented to prevent the spread of COVID-19 in accordance with COVID 19 management plans and procedures that may cause the Shire to restrict or suspend activities normally sponsored or organised by the Shire. We will continue to conduct community consultations about the local planning strategy in accordance with appropriate COVID 19 protocols.

### **Economy, housing, education, health, social**

Councillors have been heavily engaged in advocacy with the Commonwealth Ministers and the Department, about the economic future of the Island. Many of the issues arising from discussions in Council and Community Consultative Committee meetings become the subject of our submissions to government about services and facilities for our community.

This year the Shire has had important engagements with the Honourable Nola Marino MP Assistant Minister for Regional Development and Territories and the Department of Infrastructure, Transport, Regional Development and Communications (DITRDC):

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



- Indian Ocean Learning Communities
- Agriceuticals - investment in relinquished mine sites
- IOT Research Working Group
- Indian Ocean Territories Health Service 5 Year Strategic Plan
- Aged Care Services
- Air Services
- Settlement Sports Hall Redevelopment
- Social Infrastructure
- Rent to buy arrangements for public housing

### **Christmas Island- Singapore Strategy, MINTOPE, IOLC, 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* which is being implemented with the knowledge and assistance of our Minister, the Honourable Nola Marino MP, the Department, the IOLC and the hard work of our Planning Consultant, Herve Calmy and Shire CEO and staff. 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. We are requesting proper consultation with the community and decision-making powers in the making of the SDAs (Service Delivery Arrangements) that provide state type services on the Island. When necessary we have adopted a direct approach to WA Government departments as we re-tune our own consultation processes about the decisions of government that determine how we live, work and socialise on our Island. In particular we are continually engaged with the State Department of Planning about the decisions around land use and management, such as the release of Crown Land for development, where Commonwealth and Shire responsibilities intersect.

Over several years our representations to the Ministers for Territories have included reference to the provisions of the *United Nations Charter* relating to non-self-governing territories; the responsibility of the Australian Government to provide for economic, educational and social development and democratic government of the people of the Island. There is a democracy deficit here. We want that addressed by the Commonwealth in consultation with the community.

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

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

### **Article 73**

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

1. to ensure, with due respect for the culture of the peoples concerned, their political, economic, social, and educational advancement, their just treatment, and their protection against abuses;
2. to develop self-government, to take due account of the political aspirations of the peoples, and to assist them in the progressive development of their free political institutions, according to the particular circumstances of each territory and its peoples and their varying stages of advancement;
3. to further international peace and security;
4. to promote constructive measures of development, to encourage research, and to co-operate with one another and, when and where appropriate, with specialized international bodies with a view to the practical achievement of the social, economic, and scientific purposes set forth in this Article; and
5. to transmit regularly to the Secretary-General for information purposes, subject to such limitation as security and constitutional considerations may require, statistical and other information of a technical nature relating to economic, social, and educational conditions in the territories for which they are respectively responsible other than those territories to which Chapters XII and XIII apply.

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### **Fisheries Management Ordinance**

In response to the Commonwealth's DRAFT fisheries management ordinance 2019 our community called upon the Shire to create the Shire's Fisheries Management Committee in 2020. Throughout 2021 to date the Shire's Fisheries Management Committee has been working closely with Pew Foundation and Sea Country Solutions consultants and the Department of Infrastructure, Transport, Regional Development and Communications to make a fisheries ordinance based on the proposal our community voted for in October 2021. We are looking forward to an announcement about the Christmas Island Fisheries Management Ordinance by Minister Nola Marino with confident anticipation.

The very cooperative process we have established in getting to this point of resolution of the fisheries management issues has been very satisfying for all parties. It is very much in keeping with the Commonwealth's commitments to the UN Charter at Article 73 items 1 to 5 above. Minister Marino's leadership has been critical to the success of our efforts to bring our community values, knowledge and traditions to the creation of our fishing regulations.

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

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

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



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

Ratepayers and residents of the Shire of Christmas Island. It is with pleasure that in my capacity as the Chief Executive Officer, I present this report for 20/21.

While the COVID-19 pandemic has continued to disrupt community and business activities in Mainland Australia the Indian Ocean Territories has remained COVID free. This is a result of the work of the Emergency Management Committees and the activities of the Western Australian Government to provide the ITOs with a COVID free entry barrier.

The 20/21 year has been a busy year for the Shire.

- We have nearly completed the Foreshore Padang recreational area
- The footpath from Drumsite to Poon Saan has been 75% completed
- The replacement of the hand barrier and footpath on Gaze Road above the Foreshore Padang has been completed.

The Shire looks forward to working with the community in 21/22 to meet the challenges and to build on that relationship for the betterment of the community.

Projects on the Shire's schedule for 21/22 are:

- The completion of the Town Planning Scheme No3., we look forward to public engagement in that Town Planning review process in 21/22
- The finalisation of the Foreshore Padang and CLA outside area to also include a water park area.
- Progressing the Indian Ocean Territories Waste Management Strategy with the Commonwealth

That engagement will ensure the Town Planning Scheme No 3 provides a planning process that encourages planning and development to safeguard the wellbeing of the Christmas Island community while facilitating the future economic growth and direction Christmas Island requires.

### **Finance and Administration**

Members of Council and Management staff were involved in the preparation of Council's annual budget for 21/22 which was adopted at the Ordinary Meeting held 27<sup>th</sup> July 2021.

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 RSM. The 2020/2021 report showed no major concerns. Further information can be found under the Government and Policy section of the Council operations of the Annual Report.

### **Community and Recreation Services**

Community Services –The annual Seniors Week held in August 2020 organized by the Community Services Section was another great success. The Community Services section has responsibility in coordinating meetings with the Senior Citizens Centre Advisory Committee for the management of the Senior Citizens Centre. The Community Services section continues with responsibility for the ongoing implementation of the Council Community Strategic Plan that was formally the CI 2018 Our Future Community Plan.

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

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

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

### **Works & Services**

The Civil Works, Special Projects and Parks and Gardens crews have continued during 19/20 to carry out planned and emergency work.

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

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



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



## SECTION REPORT

### FINANCE & ADMINISTRATION



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

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

#### Finance

Grants from Western Australia Local Government Grants Commission, Department of Infrastructure, Transport, Regional Development and Communications, Commonwealth and Roads to Recovery were Council's main source of revenue and accounted for 63.16% of revenue for the year 2020/21.

Grants	2020/21	2019/20
WA Local Government Grants Commission	5,617,142	5,848,469
Commonwealth (Special Grants)	537,858	37,500
Central Road Authority Grants	600,000	600,000
Roads to Recovery	300,704	300,704
Total	7,055,704	6,786,673

Rates revenue represented 12.58% of Council's total revenue. Garbage charges and other revenues accounted for 24.26%.

#### Assets

Council's plant, equipment, buildings and infrastructure were provided principally from General-Purpose Grant, Department of Infrastructure, Transport, Regional Development and Communications Grants, Commonwealth Grants and Roads to Recovery Grants.

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

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

At 30 June 2021 grand total balance was \$34,346,345, the reduction in fixed asset balance was as a result of transferring ownership of some roads from the Shire asset register to the Commonwealth, Parks Australia.

#### Budget

Council adopted the Annual Budget for the year ended 30 June 2021 at an Ordinary Meeting of Council held on 28 July 2021.

Members of Council and Management staff were involved in the preparation of Council's annual budget. Throughout the year, monthly reports were prepared to enable members and

management staff to review Council finances and ensure that expenditure spent within the budget.

### **Computer System**

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

### **Creditors**

At 30 June 2021 grand total outstanding balance was \$311,964.

### **Debtors**

At 30 June 2021 grand total outstanding balance was \$399,076.

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

### **Payroll**

Payments of salaries and wages were made fortnightly. Payments were made by direct deposit into employees' accounts at a bank on the Island or in Mainland. Total payroll for the year was \$6,603,070.

### **Rates**

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

There were 641 rateable properties for the year. Total analysis of property was summarised as follows:

• Residential single	250
• Residential flat	208
• Residential Multiple	1
• DIMIA Site	21
• Casino	2
• Unallocated	41
• Commercial/shops	87
• Industrial - GRV	17
• Industrial – UV	1
• Mining tenement-GRV	1
• Mining tenement-UV	4
• Rural	2
• Private club	6
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Total	641
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At 30 June 2021 grand total outstanding balance was \$276,771.

### **Records Management**

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

### **Website**

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

### **Compliance**

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

## **WORKS & SERVICES**

### **Achevements 2020/21**

#### **Construction**

- North South Base Line Road: Full Construction Work, New Seal. 3.2km
- North West Point Road: Improvement Works. 3.3km
- Maintain unsealed roads. Grading, Heavy Roller, Water Cart,
- Large Contracted works. i.e. Parks Australia Completed ahead of schedule.
- Line marking: Roads and Carparks.

#### **Shire Housing**

- Flat 138, new painting, Flooring and furniture.

#### **Sentinel road sweeping**

Throughout the Shire of Christmas Island. Sealed Roads

#### **Purchase of New Plant & Equipment,**

- 7 Ton Tray Truck.
- Evac 1600 Grease Trap Machine.
- 2 x Trailers (Mowers, Sand, etc.)
- 1 x Plant Trailer (Bobcat, Excavator)
- 1 x Diagnostic Machine (Machinery Problem Solver)

#### **Civil Works Team**



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

Responsible for the maintenance and construction of the CRA Network and the Shires Township roads. The Island has approximately 111 kilometres of roads almost 35% of which are unsealed.

#### **Parks & Gardens Team**



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

Maintain and improve community parks, reserves and recreational facilities.

#### **Works**

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

## **Plant Operation Team**



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

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

## **Operational Support, Iris Lim**

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

MEX asset maintenance system, this system is currently operated by Wei Ho.

## **Store Officer, Anwar Afan**



## **Special Projects Team**

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

The Special Projects team carries out some very important work on: Structural Projects, Footpaths, Fencing, Boardwalk re-furbishing, and many other facets of required community requirements, such as building and beautification projects. The Special Projects Team help complete largest construction project on Christmas Island.

### **Works**

- Foreshore Padang
- The Special Projects Team was responsible for 90% of the construction works at the New Skate Park facility, which is now called Foreshore Padang.
- Footpaths
- Speed Humps

## **Building/Safety And Landfill Waste**

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

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

The Rangers Work is to control trapping of Chickens and Cat Control throughout the Shire of Christmas Island. Building Maintenance Worker, Othman Dardak his role is General Building Maintenance with Housing and Boardwalk Maintenance. All cleaning throughout the Shire Buildings.



## COMMUNITY SERVICES, RECREATION & TRAINING



The Department consists of:

- Manager Community /Recreation Services & Training – Olivier Lines
- Youth and Culture Officer – Suzane Chan
- Seniors Officer – Ron Foo
- Media Officer – Shazmin Rosli
- 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 year 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 over 20 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). In 2021 the program 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 organised & supported the following programs and initiatives in 2021.

- Marine Debris Clean Up Audit – Greta Beach
- Seaweed
- Sea Sheppard Clean Up – Waterfall Bay

- Anderson Dales Clean Up
- Community Shading Poon Saan Road
- Rubbish Collection and Bag Drop Off - Greta – Dolly – Ethel Beach

Western Australia will ban the use of single use plastics with implementation by the end of 2022. Community Services will be active in disseminating information as well as promoting the changeover from single use plastics to Bio friendly and recyclable products on Island.

### **Events Activities**

#### **School Holiday program:**

School Holiday Activities were held in the June July School Holiday break which included:

- Waterslide – Post Office Padang
- Aquarun – Recreation Centre
- Minute to Win it – Shire Training Room
- Lego Competition – Training Room
- Painting – Training Room
- Sand Art Training Room
- Craft Time – Library

The Shire Community Bus also provided transport via all suburbs to the Foreshore Recreation Area from October 5th to 8th October 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**

- Australia Day – is organised each Australia Day supplying tea, coffee, sausages, eggs bread, erecting marquees and providing tables, urns and volunteer Shire staff.
- ANZAC Day – held each April 25th and is organised in coordination with the C.I ANZAC Day committee. Community Services provide support by providing wreaths, tea and coffee, hot water urns as well as the Community Bus and driver.
- Territory Week – 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 Assistance Initiatives**

- **COVID** – Community Services has assisted the Shire, Community Groups, Community Programs and Local Business with providing information and submitting for COVID Safety Plans.

#### **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.

#### **Training Officer Role:**

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

- Allocation of Staff USI numbers. (Unique Student Identification)
- White Card – Construction Site Permit Card application and online / course testing.
- Renewing of Work Safe Cards.
- 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.

Recreation & Community Services & Training looks forward to continue supporting and engaging with the Community through programs, initiatives and events in 2022.

## GOVERNANCE, RESEARCH, POLICY AND GRANTS



Manager of Governance, Research, Policy and Grants

### Grant Writing

2020/21 saw the GRPG Manager successfully apply for and receive several grants to aid Council's delivery of municipal services on island. These include the *Local Roads and Community Infrastructure Grant* and the *Stronger Communities Grant*.

We have been formally advised that the *Indian Ocean Territories Community Development Program* has been ceased and that there are no formal grants programs for the IOTs. This has restricted the avenue for grant applications solely to Commonwealth Australia wide grant programs.

The GRPG has also acquitted the 2019 Building Better Regions Fund '*Our Streets Are Our Museums*' grant funding of \$75,000 and delivered a series of murals island-wide showcasing our history and culture.

The FAGs allocation for the Shire of Christmas Island has continued on a non-factor back model. The GRPG made an additional submission to the WALGGC on IOT Cost Adjustors including the need to fund our own 'state' newspaper to comply with the LGA 1995 (WA)(CI) in the areas where a Council needs to publish a notice statewide.

### Governance

2020/21 saw Council continue to work with the community, Commonwealth, NFP and state stakeholders on the development of an agreed Fisheries regime on Christmas Island. The People's Assembly was convened at the end of 2020 which gave rise to the Fisheries Management Committee being proclaimed a committee of Council by the 2021 New Year. GRPG has assisted the FMC in secretariat support throughout 2021 to arrive at the final position of an IOT first in the schedule ballot on an interim fisheries regulation in October 2021.

The GRPG also assisted Council in the Local Planning Strategy and Scheme review process by completing the *Report of Review*, the mandatory document that local Councils have to complete at the end of their five year LPS plan. This was accepted by the WA Planning Commission; the Council is now undertaking its formal duties under the Planning and Development 2005 Act and LGA 2015 to develop the next five year LPS.

This is done against the backdrop of the CI Strategic Assessment being conducted by the Commonwealth at this time. The GRPG desk also serves Council's interests in the CISA.

### Research and Policy

Council is now fully compliant with updates to the 2020 Local Government Regulations requiring additional policies in a range of areas be adopted. Further work is to be done with the new external audit-team from the Office of the Auditor General to ensure the continued compliance of the Council against all required benchmarks.



## PLAN FOR THE FUTURE - Overview

Following is a summary of major initiatives proposed in the plan to commence or continue in the July 2020 to June 2021 period.

This financial year saw the completion of Shire's first 10 Year Strategic Community Plan, the "*Our Future: CI 2021 Plan*" and the subsequent second four-year Corporate Business Plan associated with it. It also saw Council fulfil its role as advocates for residents through several Joint Standing Committee processes, including putting forward arguments for the continued division of the Northern Territory into two electorates, Solomon and Lingiari. This was successful.

## GOVERNANCE & CORPORATE DEVELOPMENT

- Shire's Community Consultative Committee produced a series of submissions to the *Joint Standing Committee on Electoral Matters on the Commonwealth Electoral Amendment (Ensuring Fair Representation in the Northern Territory) Bill 2020* on the question of amalgamating the Solomon and Lingiari Electorates into a single NT electorate. This would have marginalised Island representation even more on the Federal level.

Parliament elected to continue to have two separate electorates for the NT at the end of the JSC's findings.

- Christmas Island Fisheries Draft Ordinance 2020, the version two of the Commonwealth's proposed fishing regulations for Christmas Island, was produced. The Shire Council, Fisheries Management Committee and Community Consultative Committee members commenced an ongoing dialogue with the Commonwealth on an agreed set of rules. This process has continued into the 21/22 financial year where an agreed set of rules has been developed.

It is an unprecedented level of co-operation and engagement between the Commonwealth and Islanders on the application of a 'state-type' piece of legislation.

- Shire created submissions for the Joint Standing Committee on the National Capital and External Territories two simultaneous inquiries; *the Inquiry into the Availability and Access to Enabling Communications Infrastructure in Australia's External Territories 2020* and the *Inquiry into Economic, Social and Environmental Sustainability in the Indian Ocean Territories 2020*.

Unfortunately due to a range of logistical challenges in the year, the JSC were unable to visit the IOTs as planned; subsequent new dates were also challenging for the JSC. The Committee Secretary has received and published SOCI's submissions on their website, with copies provided to the JSC members.

- Shire accepted the review of the 10 Year Strategic Community Plan "*Our Future: CI 2021 Plan*," and the *2017-2021 Corporate Business Plan Report* in the June 2021 Ordinary Council Meeting. The 10 Year Strategic Community Plan featured 78 Action Items. Council recorded a completion of 60 of those, with a further modified completion of 12. Only six were suspended or cancelled.

## WELFARE

- WA State Govt implemented a state-wide rates freeze for this financial year to assist ratepayers in the initial financial shocks from the pandemic
- Utilised the COVID-19 Policy all WA Councils were mandated to create in the alleviation of rates stress for one business that highlighted they were adversely affected by the COVID border closures
- Continued utilisation of the Community Welfare Fund program assisting Islanders in times of need.

## **WASTE MANAGEMENT**

- Notable complex waste management project in February 2020 of the safe collection and disposal of the waste from the Wuhan cohort at the Immigration Detention Centre. Shire consulted a wide range of Commonwealth bodies including the Communicable Diseases Network Australia, Australian Federal Police and Australian Border Force within 36 hours of the announcement of their arrival.
- Shire successfully fulfilled its obligations with guidance on the waste disposal in its quarantine waste section of the tipsite.
- Waste team reports high level of adherence to the local laws prohibiting single use plastics during this period. It has been in effect for 12 months.
- Continued compliance with WA Dept. of Water and the Environmental Regulation's audits and licensing requirements. No breaches recorded.

## **TOWN PLANNING & DEVELOPMENT**

- Council completed the mandatory Report of Review in regulation 66 of the Planning and Development (Local Planning Schemes) Regulations WA (WA)(CI) to commence the review and repeal of a current Local Planning Strategy and commencement of preparation for a new one. This Review was accepted (May 2021 Ordinary Council Meeting).
- Continued meetings with the Commonwealth on the co-development of their CI Strategic Assessment and the Shire's own Local Planning Strategy/Scheme documents.

## **RECREATION & CULTURE**

- Improve & upgrade Shire recreation facilities
- Continue with recommendations made within the Christmas Island Sports & Strategic Plan
- Urban Shading Plan
- Organise social wellbeing activities such as Casino to Cove & Christmas Island Marathon.
- Organise School Holiday Programs
- Continue to support, liaise, organise and coordinate environmental initiatives including Marine Debris and transition from one use plastics.
- Continue to support, liaise, organise and coordinate community events such as Territory Week, ANZAC Day & Australia Day.
- Oversea the running of the Shire Library
- Additional mural completed on Christmas Island paying tribute to the Cocos (Keeling) Islanders who worked on the Island in the late 19<sup>th</sup> and early 20<sup>th</sup> centuries.
- Implementation of recommendations made within the Christmas Island Sports and Recreation Strategic Plan.

## **TRANSPORT**

- Roads for the Future,  
Lily Beach Road, Full Construction
- Roads to Recovery,  
North South Base Line Road, Full Construction
- Addition Works,  
Greta/Dolly Beach Road, Full Construction

## **PUBLIC HEALTH**

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

## **1. COMPETITIVE NEUTRALITY**

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

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

## **2. DISABILITY SERVICE PLAN 2020/21**

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

This report covers the five Disability Service Plan key outcomes.

### **Outcome 1**

Existing services are adapted to ensure they meet the needs of people with disabilities.  
*The Shire has in all instances taken into consideration the needs of people with disabilities whenever practical.*

### **Outcome 2**

Access to buildings and facilities is improved.

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

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

### **Outcome 3**

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

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

### **Outcome 4**

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

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

### **Outcome 5**

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

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

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

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

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

## **REGISTER OF COMPLAINTS**

**Governance Issues**

No complaints received by the Shire of Christmas Island as at 30 June 2021.

**Community Relations and Customers Services**

No complaints received by the Shire of Christmas Island as at 30 June 2021.



**SHIRE OF CHRISTMAS ISLAND**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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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 2021**

*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 2021 is based on proper accounts and records to present fairly the financial position of the Shire of Christmas Island at 30 June 2021 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

10<sup>TH</sup>

day of

MARCH

2022



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 2021**

	NOTE	2021 Actual \$	2021 Budget \$	Restated 2020 Actual \$
<b>Revenue</b>				
Rates	25(a)	1,403,888	1,255,693	1,397,049
Operating grants, subsidies and contributions	2(a)	6,635,364	6,629,328	6,667,928
Fees and charges	2(a)	1,593,205	888,800	1,195,640
Interest earnings	2(a)	39,458	87,789	98,734
Other revenue	2(a)	20,759	6,200	30,805
		<u>9,692,674</u>	<u>8,867,810</u>	<u>9,390,156</u>
<b>Expenses</b>				
Employee costs		(6,603,070)	(7,469,516)	(6,283,358)
Materials and contracts		(885,632)	(700,000)	(664,033)
Utility charges		(78,633)	(120,000)	(88,378)
Depreciation on non-current assets	11(c)	(1,572,937)	(2,426,300)	(1,890,298)
Insurance expenses		(200,755)	(200,000)	(179,880)
Other expenditure	2(b)	(729,186)	(791,132)	(1,019,237)
		<u>(10,070,213)</u>	<u>(11,706,948)</u>	<u>(10,125,184)</u>
		(377,539)	(2,839,138)	(735,028)
Non-operating grants, subsidies and contributions	2(a)	1,476,962	700,704	700,704
Profit on asset disposals	11(a)	0	0	25,612
(Loss) on asset disposals	11(a)	(626,845)	0	(7,199)
Fair value adjustments to financial assets at fair value through profit or loss		505	0	2,405
		<u>850,622</u>	<u>700,704</u>	<u>721,522</u>
<b>Net result for the period</b>		<b>473,083</b>	<b>(2,138,434)</b>	<b>(13,506)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	3,039,230	0	586,185
<b>Total other comprehensive income for the period</b>		<b>3,039,230</b>	<b>0</b>	<b>586,185</b>
<b>Total comprehensive income for the period</b>		<b>3,512,313</b>	<b>(2,138,434)</b>	<b>572,679</b>

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



**SHIRE OF CHRISTMAS ISLAND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	Restated 2020 Actual \$
<b>Revenue</b>	2(a)			
Governance		29,392	5,000	21,451
General purpose funding		8,012,860	7,701,410	7,874,546
Law, order, public safety		633	900	568
Health		20,286	19,000	19,791
Education and welfare		2,476	2,000	1,885
Housing		46,200	54,000	52,806
Community amenities		1,007,243	570,400	757,268
Recreation and culture		75,591	195,100	103,353
Transport		391,268	274,000	503,041
Economic services		88,040	32,000	23,919
Other property and services		18,685	14,000	31,528
		<u>9,692,674</u>	<u>8,867,810</u>	<u>9,390,156</u>
<b>Expenses</b>				
Governance		(725,188)	(800,735)	(749,867)
General purpose funding		(140,017)	(131,603)	(112,327)
Law, order, public safety		(180,705)	(237,221)	(162,726)
Health		(105,532)	(170,878)	(79,254)
Education and welfare		(579,052)	(649,321)	(583,475)
Housing		(152,783)	(156,103)	(148,988)
Community amenities		(1,641,776)	(1,817,099)	(1,649,090)
Recreation and culture		(2,000,199)	(2,214,634)	(1,948,029)
Transport		(3,835,561)	(4,823,105)	(3,826,455)
Economic services		(131,407)	(206,249)	(117,493)
Other property and services		(577,993)	(500,000)	(747,480)
		<u>(10,070,213)</u>	<u>(11,706,948)</u>	<u>(10,125,184)</u>
		(377,539)	(2,839,138)	(735,028)
Non-operating grants, subsidies and contributions	2(a)	1,476,962	700,704	700,704
Profit on disposal of assets	11(a)	0	0	25,612
(Loss) on disposal of assets	11(a)	(626,845)	0	(7,199)
Fair value adjustments to financial assets at fair value through profit or loss		505	0	2,405
		<u>850,622</u>	<u>700,704</u>	<u>721,522</u>
<b>Net result for the period</b>		<u>473,083</u>	<u>(2,138,434)</u>	<u>(13,506)</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	3,039,230	0	586,185
<b>Total other comprehensive income for the period</b>		<u>3,039,230</u>	<u>0</u>	<u>586,185</u>
<b>Total comprehensive income for the period</b>		<u>3,512,313</u>	<u>(2,138,434)</u>	<u>572,679</u>

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





**SHIRE OF CHRISTMAS ISLAND**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	NOTE	2021 \$	Restated 2020 \$	Restated 1 July 2019 \$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	3	1,435,342	1,650,550	2,181,252
Trade and other receivables	6	607,392	184,842	120,096
Other financial assets	5	4,178,412	4,103,474	3,548,888
Inventories	7	553,635	106,464	178,131
Other assets	8	15,248	25,903	12,061
<b>TOTAL CURRENT ASSETS</b>		<b>6,790,029</b>	<b>6,071,233</b>	<b>6,040,428</b>
<b>NON-CURRENT ASSETS</b>				
Inventories	7	0	278,644	278,644
Property, plant and equipment	9	15,614,641	13,058,847	13,183,247
Infrastructure	10	20,936,598	19,788,412	19,230,461
<b>TOTAL NON-CURRENT ASSETS</b>		<b>36,551,239</b>	<b>33,125,903</b>	<b>32,692,352</b>
<b>TOTAL ASSETS</b>		<b>43,341,268</b>	<b>39,197,136</b>	<b>38,732,780</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	13	561,034	308,146	473,911
Other liabilities	14	211,000	16,500	0
Employee related provisions	16	2,017,459	1,819,806	1,737,293
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,789,493</b>	<b>2,144,452</b>	<b>2,211,204</b>
<b>NON-CURRENT LIABILITIES</b>				
Employee related provisions	16	17,912	31,134	72,705
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>17,912</b>	<b>31,134</b>	<b>72,705</b>
<b>TOTAL LIABILITIES</b>		<b>2,807,405</b>	<b>2,175,586</b>	<b>2,283,909</b>
<b>NET ASSETS</b>		<b>40,533,863</b>	<b>37,021,550</b>	<b>36,448,871</b>
<b>EQUITY</b>				
Retained surplus		12,752,005	11,750,579	11,846,722
Reserves - cash/financial asset backed	4	4,585,316	5,113,659	5,031,022
Revaluation surplus	12	23,196,542	20,157,312	19,571,127
<b>TOTAL EQUITY</b>		<b>40,533,863</b>	<b>37,021,550</b>	<b>36,448,871</b>

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



**SHIRE OF CHRISTMAS ISLAND**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2021**

		RETAINED	RESERVES CASH/FINANCIAL ASSET BACKED	REVALUATION SURPLUS	TOTAL EQUITY
	NOTE	\$	\$	\$	\$
Balance as at 1 July 2019	29	11,846,722	5,031,022	19,571,127	36,448,871
Restated balance at the beginning of the financial year		11,846,722	5,031,022	19,571,127	36,448,871
Comprehensive income					
Net result for the period (restated)		(13,506)	0	0	(13,506)
Other comprehensive income	12	0	0	586,185	586,185
Total comprehensive income		(13,506)	0	586,185	572,679
Transfers from reserves	4	1,000	(1,000)	0	0
Transfers to reserves	4	(83,637)	83,637	0	0
Balance as at 30 June 2020		11,750,579	5,113,659	20,157,312	37,021,550
Restated balance at 1 July 2020		11,750,579	5,113,659	20,157,312	37,021,550
Comprehensive income					
Net result for the period		473,083	0	0	473,083
Other comprehensive income	12	0	0	3,039,230	3,039,230
Total comprehensive income		473,083	0	3,039,230	3,512,313
Transfers from reserves	4	630,000	(630,000)	0	0
Transfers to reserves	4	(101,657)	101,657	0	0
Balance as at 30 June 2021		12,752,005	4,585,316	23,196,542	40,533,863

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 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,236,945	1,205,693	1,340,565
Operating grants, subsidies and contributions		6,572,353	6,643,511	6,676,033
Fees and charges		1,594,037	888,800	1,195,640
Interest received		39,458	87,789	98,734
Other revenue		20,759	6,200	30,805
		<u>9,463,552</u>	<u>8,831,993</u>	<u>9,341,777</u>
<b>Payments</b>				
Employee costs		(6,393,134)	(7,469,516)	(6,184,945)
Materials and contracts		(1,096,295)	(700,000)	(829,311)
Utility charges		(78,633)	(120,000)	(88,378)
Insurance paid		(200,755)	(200,000)	(179,880)
Other expenditure		(729,186)	(791,132)	(1,019,237)
		<u>(8,498,003)</u>	<u>(9,280,648)</u>	<u>(8,301,751)</u>
<b>Net cash provided by (used in) operating activities</b>	17	<u>965,549</u>	<u>(448,655)</u>	<u>1,040,026</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	9(a)	(506,489)	(1,195,000)	(864,777)
Payments for construction of infrastructure	10(a)	(2,076,798)	(700,704)	(898,083)
Non-operating grants, subsidies and contributions	2(a)	1,476,962	700,704	700,704
Payment for financial assets at amortised cost - term deposits		(74,433)	0	(552,181)
Proceeds from sale of property, plant & equipment	11(a)	0	0	43,609
<b>Net cash provided by (used in) investment activities</b>		<u>(1,180,758)</u>	<u>(1,195,000)</u>	<u>(1,570,728)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Net cash provided by (used in) financing activities</b>		<u>0</u>	<u>0</u>	<u>0</u>
<b>Net increase (decrease) in cash held</b>		(215,209)	(1,643,655)	(530,702)
Cash at beginning of year		1,650,550	5,731,880	2,181,252
<b>Cash and cash equivalents at the end of the year</b>	17	<u>1,435,342</u>	<u>4,088,225</u>	<u>1,650,550</u>

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





**SHIRE OF CHRISTMAS ISLAND**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

		2021 Actual \$	2021 Budget \$	Restated 2020 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	25	388,615	405,115	347,951
		388,615	405,115	347,951
<b>Revenue from operating activities (excluding rates)</b>				
Governance		29,897	5,000	26,383
General purpose funding		6,609,332	6,445,717	6,481,698
Law, order, public safety		633	900	568
Health		20,286	19,000	29,620
Education and welfare		2,476	2,000	1,885
Housing		46,200	54,000	52,806
Community amenities		1,007,243	570,400	757,268
Recreation and culture		75,591	195,100	107,681
Transport		391,268	274,000	511,969
Economic services		88,040	32,000	23,919
Other property and services		18,685	14,000	31,528
		8,289,651	7,612,117	8,025,325
<b>Expenditure from operating activities</b>				
Governance		(725,188)	(800,735)	(749,867)
General purpose funding		(140,017)	(131,603)	(112,327)
Law, order, public safety		(180,705)	(237,221)	(162,726)
Health		(105,532)	(170,878)	(79,254)
Education and welfare		(579,383)	(649,321)	(583,475)
Housing		(152,783)	(156,103)	(148,988)
Community amenities		(1,641,776)	(1,817,099)	(1,649,090)
Recreation and culture		(2,000,741)	(2,214,634)	(1,955,228)
Transport		(3,835,561)	(4,783,467)	(3,826,451)
Economic services		(131,407)	(206,249)	(117,493)
Other property and services		(1,203,965)	(500,000)	(747,480)
		(10,697,058)	(11,667,310)	(10,132,379)
Non-cash amounts excluded from operating activities	26(a)	2,195,381	2,530,054	1,856,054
<b>Amount attributable to operating activities</b>		176,589	(1,120,024)	96,951
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	1,476,962	700,704	700,704
Proceeds from disposal of assets	11(a)	0	0	43,609
Purchase of property, plant and equipment	9(a)	(506,489)	(1,195,000)	(864,777)
Purchase and construction of infrastructure	10(a)	(2,076,797)	(700,704)	(898,083)
		(1,106,324)	(1,195,000)	(1,018,547)
<b>Amount attributable to investing activities</b>		(1,106,324)	(1,195,000)	(1,018,547)
<b>FINANCING ACTIVITIES</b>				
Transfers to reserves (restricted assets)	4	(101,657)	(72,669)	(83,637)
Transfers from reserves (restricted assets)	4	630,000	1,132,000	1,000
<b>Amount attributable to financing activities</b>		528,343	1,059,331	(82,637)
<b>Surplus/(deficit) before imposition of general rates</b>		(401,392)	(1,255,693)	(1,004,233)
<b>Total amount raised from general rates</b>	25(a)	1,403,528	1,255,693	1,392,848
<b>Surplus/(deficit) after imposition of general rates</b>	26(c)	1,002,136	0	388,615

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



**SHIRE OF CHRISTMAS ISLAND**  
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**FOR THE YEAR ENDED 30 JUNE 2021**

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**SHIRE OF CHRISTMAS ISLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**1. BASIS OF PREPARATION**

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

The *Local Government Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

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 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.

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 30 to these financial statements.

**INITIAL APPLICATION OF ACCOUNTING STANDARDS**

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

These were:

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

The impact of adoption of these standards is described at Note 28.

**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*

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

**CRITICAL ACCOUNTING ESTIMATES**

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

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

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

- Employee expenses
- Land held for resale
- Other financial assets
- Property, Plant and Equipment
- Infrastructure
- Provisions

**SHIRE OF CHRISTMAS ISLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES**

**(a) Grant revenue**

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Operating grants, subsidies and contributions</b>			
Governance	724	0	780
General purpose funding	6,569,513	6,348,928	6,377,860
Law, order, public safety	633	900	459
Health	1,566	1,000	1,518
Education and welfare	2,476	2,000	0
Community amenities	0	0	1,885
Recreation and culture	52,000	68,500	77,500
Transport	0	200,000	200,000
Other property and services	8,452	8,000	7,926
	6,635,364	6,629,328	6,667,928
<b>Non-operating grants, subsidies and contributions</b>			
Law, order, public safety	16,500	0	0
Transport	1,460,462	700,704	700,704
	1,476,962	700,704	700,704
<b>Total grants, subsidies and contributions</b>	<b>8,112,326</b>	<b>7,330,032</b>	<b>7,368,632</b>
<b>Fees and charges</b>			
General purpose funding	0	9,000	903
Law, order, public safety	0	0	18,274
Health	18,720	18,000	0
Housing	46,200	54,000	52,806
Community amenities	1,007,243	570,400	755,422
Recreation and culture	23,513	125,400	25,687
Transport	16,466	74,000	11,030
Economic services	88,040	32,000	23,919
Other property and services	393,023	6,000	307,599
	1,593,205	888,800	1,195,640

There were no changes to the amounts of fees or charges detailed in the original budget.

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, subsidies and contributions**

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

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

**Fees and Charges**

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

**SHIRE OF CHRISTMAS ISLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

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

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions	0	0	37,500
Fees and charges	1,593,205	888,800	1,195,364
Non-operating grants, subsidies and contributions	1,476,962	700,704	700,704
	<u>3,070,167</u>	<u>1,589,504</u>	<u>1,933,568</u>

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

Revenue from contracts with customers included as a contract liability at the start of the period	16,500	0	0
Revenue from contracts with customers recognised during the year	1,576,705	888,800	1,232,864
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	1,476,962	700,704	700,704
	<u>3,070,167</u>	<u>1,589,504</u>	<u>1,933,568</u>

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

Trade and other receivables from contracts with customers	607,392	184,842
Contract liabilities from contracts with customers	(211,000)	(16,500)

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

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

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

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

**SHIRE OF CHRISTMAS ISLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

**Revenue from statutory requirements**

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

General rates  
 Fines

1,403,528	1,255,693	1,392,848
28	0	276
1,403,556	1,255,693	1,393,124

**Other revenue**

Reimbursements and recoveries  
 Other

20,731	6,200	30,805
28	0	0
20,759	6,200	30,805

**Interest earnings**

Interest on reserve funds  
 Rates instalment and penalty interest (refer Note 25 (e))  
 Other interest earnings

37,082	72,789	83,633
28	5,000	10,200
2,348	10,000	4,901
39,458	87,789	98,734

**SIGNIFICANT ACCOUNTING POLICIES**

**Interest earnings**

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

**Interest earnings (continued)**

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



**SHIRE OF CHRISTMAS ISLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES (Continued)**

<b>(b) Expenses</b>	<b>Note</b>	<b>2021 Actual \$</b>	<b>2021 Budget \$</b>	<b>2020 Actual \$</b>
<b>Auditors remuneration</b>				
- Audit of the Annual Financial Report		60,000	54,000	49,200
- Other services		2,500	6,000	3,250
		<u>62,500</u>	<u>60,000</u>	<u>52,450</u>
<b>Other expenditure</b>				
Impairment loss on trade and other receivables		68,455	0	67,623
Sundry expenses- including advertising, library purchases, computer		660,731	791,132	951,614
operations expenses, plant repairs & maintenance and minor expenditure		<u>729,186</u>	<u>791,132</u>	<u>1,019,237</u>

**SHIRE OF CHRISTMAS ISLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES**

**REVENUE RECOGNITION POLICY**

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

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

**SHIRE OF CHRISTMAS ISLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**3 CASH AND CASH EQUIVALENTS**

	NOTE	2021	2020
		\$	\$
Cash at bank and on hand		1,435,342	1,650,550
<b>Total cash and cash equivalents</b>		<b>1,435,342</b>	<b>1,650,550</b>

**Restrictions**

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

- Cash and cash equivalents	640,553	1,048,829
- Financial assets at amortised cost	4,155,763	4,081,330
	<b>4,796,316</b>	<b>5,130,159</b>

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

Reserves - cash/financial asset backed	4	4,585,316	5,113,659
Contract liabilities from contracts with customers	14	211,000	16,500
<b>Total restricted assets</b>		<b>4,796,316</b>	<b>5,130,159</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

**Restricted assets**

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



**SHIRE OF CHRISTMAS ISLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**4. RESERVES - CASH/FINANCIAL ASSET BACKED**

	2021 Actual Opening Balance	2021 Actual Transfer to Balance	2021 Actual Transfer (from) Balance	2021 Actual Closing Balance	2021 Budget Opening Balance	2021 Budget Transfer to Balance	2021 Budget Transfer (from) Balance	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Transfer to Balance	2020 Actual Transfer (from) Balance	2020 Actual Closing Balance
(a) Reserve employees benefits	1,575,493	11,423	\$	1,586,916	1,575,493	22,377	\$	1,597,870	1,549,749	25,744	\$	1,575,493
(b) Reserve plant & machinery	1,141,363	8,275	(78,000)	1,071,638	1,141,363	16,249	(78,000)	1,079,612	1,122,717	18,646	0	1,141,363
(c) Reserve furniture & equipment	749,363	5,433	(70,000)	684,796	749,363	10,669	(92,000)	668,032	737,121	12,242	0	749,363
(d) Reserve buildings	683,487	4,955	(130,000)	558,442	683,487	9,731	(540,000)	153,218	672,321	11,166	0	683,487
(e) Reserve welfare fund	85,092	624	0	85,716	85,092	1,131	(2,000)	84,223	84,611	1,481	(1,000)	85,092
(f) Reserve recreation services	322,892	2,341	(250,000)	75,233	322,892	4,597	(250,000)	77,489	317,617	5,275	0	322,892
(g) Reserve waste management	454,410	3,296	(102,000)	355,706	454,410	6,469	(170,000)	290,879	446,986	7,424	0	454,410
(h) Reserve road works & materials	101,559	736	0	102,295	101,559	1,446	0	103,005	99,900	1,659	0	101,559
(i) Reserve parks & gardens	0	64,574	0	64,574	0	0	0	0	0	0	0	0
	5,113,659	101,657	(630,000)	4,585,316	5,113,659	72,669	(1,132,000)	4,054,328	5,031,022	83,637	(1,000)	5,113,659

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:

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

**SHIRE OF CHRISTMAS ISLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**5. OTHER FINANCIAL ASSETS**

**(a) Current assets**

Financial assets at amortised cost - term deposits  
 Financial assets at fair value through profit and loss (listed shares)

2021	2020
\$	\$
4,155,763	4,081,330
22,649	22,144
4,178,412	4,103,474

**Other financial assets at amortised cost**

Term deposits

4,155,763	4,081,330
4,155,763	4,081,330

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

Financial assets at fair value through profit and loss (listed shares)

22,649	22,144
22,649	22,144

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 15

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

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

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

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

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 27.

**SHIRE OF CHRISTMAS ISLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**6. TRADE AND OTHER RECEIVABLES**

**Current**

Rates receivable
Trade and other receivables
Allowance for impairment of receivables

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other receivables**

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

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

**Impairment and risk exposure**

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 27.

<b>2021</b>	<b>2020</b>
<b>\$</b>	<b>\$</b>
276,771	110,900
399,076	141,565
(68,455)	(67,623)
<b>607,392</b>	<b>184,842</b>

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Classification and subsequent measurement**

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

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

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

**SHIRE OF CHRISTMAS ISLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**7. INVENTORIES**

**Current**

Fuel and materials

**Non-current**

Land held for resale - cost

Development costs

	2021	2020
	\$	\$
	553,635	106,464
	553,635	106,464
	0	278,644
	0	278,644

The following movements in inventories occurred during the year:

**Balance at beginning of year**

Additions to inventory

Transfer to land

**Balance at end of year**

	385,108	456,775
	447,171	(71,667)
	(278,644)	0
	553,635	385,108

**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 2021**

**8. OTHER ASSETS**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Other assets - current</b>		
Prepayments	8,960	0
Accrued income	6,288	25,903
	<b>15,248</b>	<b>25,903</b>

**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.

## 9. 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.

	Buildings -		Buildings -		Total land and	Furniture		Total property, plant and equipment
	Land	non- specialised	specialised	specialised	buildings	and equipment	Plant and equipment	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	2,201,189	1,166,135	6,925,663	10,292,987	282,637	2,607,623	13,183,247	
Additions	0	36,607	174,711	211,318	191,732	461,727	864,777	
(Disposals)	0	0	0	0	(7,199)	(17,997)	(25,196)	
Depreciation (expense)	0	(29,293)	(357,004)	(386,297)	(54,285)	(523,399)	(963,981)	
<b>Balance at 30 June 2020</b>	2,201,189	1,173,449	6,743,370	10,118,008	412,885	2,527,954	13,058,847	
<b>Comprises:</b>								
Gross balance amount at 30 June 2020	2,201,189	1,260,692	7,782,973	11,244,854	592,920	4,406,037	16,243,811	
Accumulated depreciation at 30 June 2020	0	(87,243)	(1,039,603)	(1,126,846)	(180,035)	(1,878,083)	(3,184,964)	
<b>Balance at 30 June 2020</b>	2,201,189	1,173,449	6,743,370	10,118,008	412,885	2,527,954	13,058,847	
Additions		52,228	31,045	83,273	149,884	273,332	506,489	
(Disposals)	0	0	(387,775)	(387,775)	(873)	0	(388,648)	
Revaluation increments / (decrements) transferred to revaluation surplus	498,167	0	2,665,044	3,163,211	0	0	3,163,211	
Depreciation (expense)	0	(29,454)	(366,007)	(395,461)	(72,608)	(458,081)	(926,150)	
Transfers	278,644			278,644	0	(77,752)	200,892	
<b>Balance at 30 June 2021</b>	2,978,000	1,196,223	8,685,677	12,859,900	489,288	2,265,453	15,614,641	
<b>Comprises:</b>								
Gross balance amount at 30 June 2021	2,978,000	1,196,223	8,685,677	12,859,900	670,659	4,584,981	18,115,540	
Accumulated depreciation at 30 June 2021	0	0	0	0	(181,371)	(2,319,528)	(2,500,899)	
<b>Balance at 30 June 2021</b>	2,978,000	1,196,223	8,685,677	12,859,900	489,288	2,265,453	15,614,641	

## 9. 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
<b>(i) Fair Value</b>					
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 metre
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated 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 Purchase cost

#### Plant and equipment

Cost Purchase cost

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

## 10. 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.

	Infrastructure - roads	Infrastructure - Other	Total Infrastructure
	\$	\$	\$
<b>Balance at 1 July 2019- restated</b>	17,794,619	1,435,842	19,230,461
Additions	823,892	74,191	898,083
Revaluation increments / (decrements) transferred to revaluation surplus	586,185	0	586,185
Depreciation (expense)	(831,627)	(94,690)	(926,317)
<b>Balance at 30 June 2020- restated</b>	18,373,069	1,415,343	19,788,412
<b>Comprises:</b>			
Gross balance at 30 June 2020	24,763,533	1,602,032	26,365,565
Accumulated depreciation at 30 June 2020	(6,390,464)	(186,689)	(6,577,153)
<b>Balance at 30 June 2020- restated</b>	18,373,069	1,415,343	19,788,412
Additions	890,695	1,186,102	2,076,797
(Disposals)	0	(238,196)	(238,196)
Revaluation increments / (decrements) transferred to revaluation surplus	(145,909)	24,528	(121,381)
Depreciation (expense)	(518,059)	(128,727)	(646,786)
Transfers	0	77,752	77,752
<b>Balance at 30 June 2021</b>	18,599,796	2,336,802	20,936,598
<b>Comprises:</b>			
Gross balance at 30 June 2021	25,439,928	2,336,800	27,776,728
Accumulated depreciation at 30 June 2021	(6,840,130)	0	(6,840,130)
<b>Balance at 30 June 2021</b>	18,599,798	2,336,800	20,936,598



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10. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Fair Value		Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value		Asset Class				
Infrastructure - roads		3	Cost approach using depreciated replacement cost	Management valuation	June 2020	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Other		3	Cost approach using depreciated replacement cost	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 to determine the fair value of infrastructure using level 3 inputs.

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**11. FIXED ASSETS**

**SIGNIFICANT ACCOUNTING POLICIES**

**Fixed assets**

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

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

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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets that are land, buildings, infrastructure and investment properties acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

**Revaluation**

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

**AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY Revaluation (Continued)**

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

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

**Land under roads from 1 July 2019**

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

**Vested improvements from 1 July 2019**

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

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**11. FIXED ASSETS**

**(a) Disposals of Assets**

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings - specialised	387,775	0	0	(387,775)	0	0	0	0	0	0	0	0
Furniture and equipment	873	0	0	(873)	0	0	0	0	7,199	0	0	(7,199)
Plant and equipment	0	0	0	0	0	0	0	0	17,997	43,609	25,612	0
Infrastructure - Other	238,197	0	0	(238,197)	0	0	0	0	0	0	0	0
	626,845	0	0	(626,845)	0	0	0	0	25,196	43,609	25,612	(7,199)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
<b>Plant and Equipment</b>				
<b>Health</b>				
Photocopier Ricoh Aficio MP5002SP	542	0	0	(542)
<b>Education and welfare</b>				
Photocopier Ricoh Aficio MP5002SP-Lwr Comm Svs Office	331	0	0	(331)
<b>Recreation and culture</b>				
Buildings - specialised	387,775	0	0	(387,775)
Infrastructure - Other	209,984	0	0	(209,984)
<b>Transport</b>				
Infrastructure - Other	28,213	0	0	(28,213)
	626,845	0	0	(626,845)
	626,845	0	0	(626,845)

**(b) Fully Depreciated Assets in Use**

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

	2021	2020
	\$	\$
Furniture and equipment	10,694	2,627
Plant and equipment	511,800	31,205
	522,494	33,832

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**11. FIXED ASSETS**

**(c) Depreciation**

	2021 Actual	2021 Budget	Restated 2020 Actual
	\$	\$	\$
Buildings - non-specialised	29,454	46,300	29,293
Buildings - specialised	366,007	362,000	357,004
Furniture and equipment	72,608	68,000	54,285
Plant and equipment	458,081	650,000	523,399
Infrastructure - roads	518,059	1,065,000	831,627
Infrastructure - drainage	0	150,000	0
Infrastructure - Other	128,727	85,000	94,690
	1,572,937	2,426,300	1,890,298

**SIGNIFICANT ACCOUNTING POLICIES**

**Depreciation**

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

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

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

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

**Depreciation rates**

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

Asset Class	Useful life
Buildings	20 to 50 years
Furniture and equipment	1 to 10 years
Plant and equipment	1 to 15 years
Sealed roads and streets formation	not depreciated
pavement	20 to 50 years
seal	
- bituminous seals	20 to 50 years
- asphalt surfaces	20 to 50 years
Gravel roads formation	not depreciated
pavement	20 to 50 years
gravel sheet	12 years
<b>Formed roads</b>	
formation	not depreciated
pavement	20 to 50 years
Other Infrastructure	20 to 50 years
Water supply pipping and drainage systems	20 to 80 years

**Depreciation on revaluation**

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

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



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**12. REVALUATION SURPLUS**

	2021 Opening Balance	2021 Revaluation Increment	2021 Revaluation (Decrement)	2021 Total Movement on Revaluation	2021 Closing Balance	Restated 2020 Opening Balance	Change in Accounting Policy	Restated 2020 Revaluation Increment	2020 Revaluation Increment	2020 Total Movement on Revaluation	Restated 2020 Closing Balance
	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$
Revaluation surplus - Land & buildings	5,726,174	3,163,210	(2,600)	3,160,610	8,886,784	5,726,174		0	0	0	5,726,174
Revaluation surplus - Furniture and equipment	127,357	0	0	0	127,357	127,357		0	0	0	127,357
Revaluation surplus - Plant and equipment	569,828	0	0	0	569,828	569,828		0	0	0	569,828
Revaluation surplus - Infrastructure - roads	13,733,953	0	(145,908)	(145,908)	13,588,045	13,147,768		0	586,185	586,185	13,733,953
Revaluation surplus - Infrastructure - Other	0	24,528	0	24,528	24,528	0		0	0	0	0
	20,157,312	3,187,738	(148,508)	3,039,230	23,196,542	19,571,127		0	586,185	586,185	20,157,312

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**13. TRADE AND OTHER PAYABLES**

**Current**

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

2021	2020
\$	\$
311,964	109,163
3,999	2,469
76,663	51,158
97,617	93,585
70,791	51,771
561,034	308,146

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition

**Prepaid rates**

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

**SHIRE OF CHRISTMAS ISLAND**  
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**FOR THE YEAR ENDED 30 JUNE 2021**

**14. OTHER LIABILITIES**

**Current**

Contract liabilities

2021	2020
\$	\$
211,000	16,500
211,000	16,500
211,000	16,500

Performance obligations for each type of liability are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

Contract liabilities	Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
\$	\$
211,000	0
211,000	0

**SIGNIFICANT ACCOUNTING POLICIES**

**Contract liabilities**

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

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

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

Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity  
Grant liabilities represent the the Shire's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

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

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

**(a) Long Term - Borrowings**

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

**(b) New Borrowings - 2020/21**

The Shire did not have any new borrowings for the year ended 30 June 2021.

**(c) Unspent Borrowings**

The Shire did not have any unspent borrowings for the year ended 30 June 2021.

	2021	2020
	\$	\$
<b>(d) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
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	(7,216)	(2,153)
<b>Total amount of credit unused</b>	<b>532,784</b>	<b>537,847</b>
<b>Unused loan facilities at balance date</b>	<b>NIL</b>	<b>NIL</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Borrowing costs**

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

**Risk**

Information regarding exposure to risk can be found at Note 27.



**SHIRE OF CHRISTMAS ISLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**16. EMPLOYEE RELATED PROVISIONS**

**(a) Employee Related Provisions**

**Opening balance at 1 July 2020**

Current provisions

Non-current provisions

Additional provision

Amounts used

**Balance at 30 June 2021**

**Comprises**

Current

Non-current

**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

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
	728,276	1,091,530	1,819,806
	0	31,134	31,134
	728,276	1,122,664	1,850,940
	154,873	71,221	226,094
	(8,638)	(33,025)	(41,663)
	874,511	1,160,860	2,035,371
	874,511	1,142,948	2,017,459
	0	17,912	17,912
	874,511	1,160,860	2,035,371
	2021	2020	
	\$	\$	
	376,563	330,393	
	1,658,808	1,520,547	
	2,035,371	1,850,940	

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as 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 are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

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

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

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

**Provisions**

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

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

## 17. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

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

	2021 Actual	2021 Budget	Restated 2020 Actual
	\$	\$	\$
Cash and cash equivalents	1,435,342	4,088,225	1,650,550

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

Net result	473,083	(2,138,434)	(13,506)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(505)	0	(2,405)
Depreciation on non-current assets	1,572,937	2,426,300	1,890,298
(Profit)/loss on sale of asset	626,845	0	(18,413)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(422,550)	(35,817)	(64,746)
(Increase)/decrease in other assets	10,655	0	(13,842)
(Increase)/decrease in inventories	(447,171)	50,000	71,667
Increase/(decrease) in payables	250,286	(88,000)	(165,765)
Increase/(decrease) in employee provisions	184,431	38,000	40,942
Increase/(decrease) in other liabilities	194,500	0	16,500
Non-operating grants, subsidies and contributions	(1,476,962)	(700,704)	(700,704)
Net cash from operating activities	965,549	(448,655)	1,040,026

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18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	Restated 2020
	\$	\$
Governance	264,600	188,553
Law, order, public safety	14,803	3,228
Health	37,128	43,063
Education and welfare	0	12,440
Housing	2,175,000	2,153,448
Community amenities	1,036,278	938,115
Recreation and culture	8,783,688	6,175,612
Transport	26,401,430	22,762,727
Economic services	835,624	523,123
Other property and services	, 39,891	46,951
Unallocated	3,752,826	6,349,876
	43,341,268	39,197,136

## 19 CONTINGENT LIABILITIES

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

## 20 CAPITAL COMMITMENTS

The Shire did not have any capital or leasing commitments at reporting date.



## 21. ELECTED MEMBERS REMUNERATION

	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Elected member (Gordon Thomson)</b>			
President's annual allowance	36,957	36,957	36,653
Meeting attendance fees	25,342	25,342	25,342
Travel and accommodation expenses	8,630	0	14,902
	<u>70,929</u>	<u>62,299</u>	<u>76,897</u>
<b>Elected member (Foo Kee Heng)</b>			
Deputy President's annual allowance	9,239	9,239	9,114
Meeting attendance fees	16,367	16,367	16,367
Travel and accommodation expenses	0	0	4,349
	<u>25,606</u>	<u>25,606</u>	<u>29,830</u>
<b>Elected member (Phillip Woo)</b>			
Elected members allowance	16,367	16,367	16,367
Travel and accommodation expenses	0	0	4,490
	<u>16,367</u>	<u>16,367</u>	<u>20,857</u>
<b>Elected member (Vincent Saw)</b>			
Meeting attendance fees	16,367	16,367	16,367
Travel and accommodation expenses	0	0	8,927
	<u>16,367</u>	<u>16,367</u>	<u>25,294</u>
<b>Elected member (Azmi Yon)</b>			
Meeting attendance fees	16,367	16,367	16,367
Travel and accommodation expenses	0	0	3,247
	<u>16,367</u>	<u>16,367</u>	<u>19,614</u>
<b>Elected member (Morgan Soh)</b>			
Meeting attendance fees	16,367	16,367	16,367
	<u>16,367</u>	<u>16,367</u>	<u>16,367</u>
<b>Elected member (Kelvin Lee)</b>			
Meeting attendance fees	16,367	16,367	16,367
	<u>16,367</u>	<u>16,367</u>	<u>16,367</u>
<b>Elected member (Farzian Zainai)</b>			
Meeting attendance fees	16,367	16,367	16,367
	<u>16,367</u>	<u>16,367</u>	<u>16,367</u>
<b>Elected member (Hafiz Masli)</b>			
Meeting attendance fees	16,367	16,367	16,367
	<u>16,367</u>	<u>16,367</u>	<u>16,367</u>
	<u>211,104</u>	<u>202,474</u>	<u>237,960</u>
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	62,299	36,957	36,653
Deputy President's allowance	25,606	9,239	9,114
Meeting attendance fees	114,569	156,278	156,278
Travel and accommodation expenses	8,630	0	35,915
	<u>211,104</u>	<u>202,474</u>	<u>237,960</u>

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22. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2021 Actual	2020 Actual
	\$	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:		
Short-term employee benefits	753,760	672,259
Post-employment benefits	98,012	94,079
Other long-term benefits	12,705	12,115
	<u>864,477</u>	<u>778,453</u>

*Short-term employee benefits*

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

*Post-employment benefits*

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

*Other long-term benefits*

These amounts represent long service benefits accruing during the year.

**SHIRE OF CHRISTMAS ISLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**22. RELATED PARTY TRANSACTIONS (Continued)**

**Transactions with related parties**

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

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

The following transactions occurred with related parties:	2021 Actual \$	2020 Actual \$
Sale of goods and services	70,200	57,450
<b>Amounts payable to related parties:</b>		
Trade and other payables	0	0
<b>Amounts outstanding from related parties:</b>		
Trade and other receivables	0	0

**Related Parties**

**The Shire's main related parties are as follows:**

*i. Key management personnel*

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

*ii. Other Related Parties*

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.

## 23. MAJOR LAND TRANSACTIONS

### Light Industrial Area (Lot 555)

Council purchased Lot 555 located at Quarry Road from Commonwealth in 2006 for \$100,000. Total development costs of \$957,295 had been incurred as at 30 June 2021. Additional costs are to be incurred in developing the 12 lots in 3 stages of subdivision and providing services such as sewerage, power and roads.

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

The sale proceeds of \$600k from stage 1 (3 lots) will be utilised to progress the development of stage 2 and or stage 3

## 24. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2020/21 financial year.

**SHIRE OF CHRISTMAS ISLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**25. RATING INFORMATION**

**(a) Rates**

RATE TYPE	Rate in \$	Number of Properties	2020/21 Actual Rateable Value \$	2020/21 Actual Rate Revenue \$	2020/21 Actual Interim Rates \$	2020/21 Actual Back Rates \$	2020/21 Actual Total Revenue \$	2020/21 Budget Rate Revenue \$	2020/21 Budget Interim Rate \$	2020/21 Budget Back Rate \$	2020/21 Budget Total Revenue \$	2019/20 Actual Total Revenue \$
Differential general rate / general rate												
<b>Gross rental valuations</b>												
GRV - Residential	9.6465	454	8,786,168	847,249	(1,530)	(1,530)	844,189	847,250			847,250	847,249
GRV - Commercial	9.6465	89	2,021,562	188,134	0	0	188,134	183,328			183,328	187,836
GRV - DIAC	9.6465	21	1,210,320	0	0	0	0	0			0	0
GRV - Unallocated	9.6465	4	156,460	6,170	0	0	6,170	9,220			9,220	6,170
GRV - Rural	9.6465	2	45,280	4,368	0	0	4,368	4,368			4,368	4,368
GRV - Industrial	9.6465	12	240,680	21,913	0	0	21,913	21,913			21,913	21,913
GRV - Exempt	9.6465	163	0	0	0	0	0	0			0	0
<b>Unimproved valuations</b>												
UV - Industrial	21.1426	1	630,000	133,198		0	133,198	133,198			133,198	205,083
UV - Mining	21.1426	7	513,299	73,235	35,678	115,182	224,095	73,235			73,235	111,503
<b>Sub-Total</b>		753	13,603,769	1,274,267	34,148	113,652	1,422,067	1,272,512	0	0	1,272,512	1,384,122
<b>Minimum payment</b>	<b>Minimum \$</b>											
<b>Gross rental valuations</b>												
GRV - Residential	582	5	19,050	2,910	0	0	2,910	2,910			2,910	2,910
GRV - Commercial	582	16	60,886	9,312	0	0	9,312	9,312			9,312	9,312
GRV - DIAC	582		0	0	0	0	0	0			0	0
GRV - Unallocated	582	37	92,500	21,534	0	0	21,534	21,534			21,534	21,534
GRV - Mining	582	1	0	582	0	0	582	582			582	0
GRV - Industrial	582	5	13,520	2,910	0	0	2,910	3,492			3,492	2,910
GRV - Exempt	582						0				0	0
							0				0	582
<b>Unimproved valuations</b>												
UV - Mining	351	1	0	351	0	0	351	351			351	351
<b>Sub-Total</b>		65	185,956	37,599	0	0	37,599	38,181	0	0	38,181	37,599
		818	13,789,725	1,311,866	34,148	113,652	1,459,666	1,310,693	0	0	1,310,693	1,421,721
Discounts							(56,138)				(55,000)	(28,873)
<b>Total amount raised from general rate</b>							1,403,528				1,255,693	1,392,848
Prepaid rates/penalties/admin							360				0	4,201
<b>Totals</b>							1,403,888				1,255,693	1,397,049

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates**

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

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



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**25 RATING INFORMATION (Continued)**

**(b) Specified Area Rate**

The Shire did not raise specific area rates in 2020/21 and does not intend to do so in 2021/22.

**(c). Service Charges**

The Shire did not raise service charges in 2020/21 and does not intend to do so in 2021/22

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

**Rates Discounts**

Rate or Fee Discount Granted	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$	Circumstances in which Discount is Granted
Rates			56,007	55,000	28,873	Rates paid within 35 days of the date of issue noted on the rate notice.
			56,007	55,000	28,873	
<b>Waivers or Concessions</b>						
Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	2021 Actual \$	2021 Budget \$	2020 Actual \$	
Rates			131	1,000	12	
			131	1,000	12	
<b>Total discounts/concessions (Note 24a)</b>						
			56,138	56,000	28,885	

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

## 25. RATING INFORMATION (Continued)

### (e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	10/09/2020	0	0%	10%
<b>Option Two</b>				
First instalment	10/02/2020	15	0%	10%
Second instalment	10/11/2020	15	0%	10%
<b>Option Three</b>				
First instalment				
Second instalment				
Third instalment	11/01/2021	15	0%	10%
Fourth instalment	10/03/2021	15	0%	10%
		<b>2021 Actual</b> \$	<b>2021 Budget</b> \$	<b>2020 Actual</b> \$
Interest on unpaid rates		28	5,000	10,200
Charges on instalment plan		1,890	8,000	4,080
		1,918	13,000	14,280

SHIRE OF CHRISTMAS ISLAND  
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26. RATE SETTING STATEMENT INFORMATION

		2020/21 Budget	Restated 2019/20
	2020/21 (30 June 2021 Carried Forward)	(30 June 2021 Carried Forward)	(30 June 2020 Carried Forward)
Note	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>			
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> .			
<b>Adjustments to operating activities</b>			
Less: Profit on asset disposals	11(a) 0	0	(25,612)
Less: Non-cash grants and contributions for assets	0	81,377	0
Less: Movement in liabilities associated with restricted cash	14,917	22,377	0
Less: Fair value adjustments to financial assets at fair value through profit and loss	(6,096)	0	2,405
Movement in employee benefit provisions (non-current)	(13,222)	0	(18,236)
Add: Loss on disposal of assets	11(a) 626,845	0	7,199
Add: Depreciation on non-current assets	11(c) 1,572,937	2,426,300	1,890,298
<b>Non cash amounts excluded from operating activities</b>	<b>2,195,381</b>	<b>2,530,054</b>	<b>1,856,054</b>
<b>(b) Non-cash amounts excluded from investing activities</b>			
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
<b>(c) Surplus/(deficit) after imposition of general rates</b>			
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.			
<b>Adjustments to net current assets</b>			
Less: Reserves - cash/financial asset backed	4 (4,585,316)	(4,054,328)	(5,113,659)
Less: Current assets not expected to be received at end of year			
- Land held for resale	0	(278,644)	0
Add: Current liabilities not expected to be cleared at end of year			
- Employee benefit provisions	1,586,916	1,819,807	1,575,493
<b>Total adjustments to net current assets</b>	<b>(2,998,400)</b>	<b>(2,513,165)</b>	<b>(3,538,166)</b>
<b>Net current assets used in the Rate Setting Statement</b>			
Total current assets	6,790,029	4,657,617	6,071,233
Less: Total current liabilities	(2,789,493)	(2,144,452)	(2,144,452)
Less: Total adjustments to net current assets	(2,998,400)	(2,513,165)	(3,538,166)
<b>Net current assets used in the Rate Setting Statement</b>	<b>1,002,136</b>	<b>0</b>	<b>388,615</b>

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**27. 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.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
<b>Market risk - interest rate</b>	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
<b>Liquidity risk</b>	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 and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	<b>Weighted Average Interest Rate</b>	<b>Carrying Amounts</b>	<b>Fixed Interest Rate</b>	<b>Variable Interest Rate</b>	<b>Non Interest Bearing</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2021</b>					
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
<b>2020</b>					
Cash and cash equivalents	0.01%	1,650,550	0	1,648,813	1,737
Financial assets at amortised cost - term deposits	1.10%	4,081,330	4,081,330	0	0

**Sensitivity**

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

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% movement in interest rates on profit and loss and equity*	55,911	57,319

\* Holding all other variables constant



## 27. 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. Whilst the Shire was historically able to charge interest on overdue rates and annual charges at higher than market rates, which further encourage 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 2020 or 1 July 2021 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 2021 for rates receivable was determined as follows:

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2021</b>					
Rates receivable					
Expected credit loss	0%	0%	0%	0%	
Gross carrying amount	231,163	30,473	11,014	4,121	276,771
Loss allowance	0	0	0	0	0
<b>30 June 2020</b>					
Rates receivable					
Expected credit loss	0%	0%	0%	0%	
Gross carrying amount	86,634	14,216	6,148	3,902	110,900
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2021</b>					
Trade and other receivables					
Expected credit loss	17%	0%	0%	95%	
Gross carrying amount	396,534	0	0	2,542	399,076
Loss allowance	66,040	0	0	2,415	68,455
<b>30 June 2020</b>					
Trade and other receivables					
Expected credit loss	2%	5%	8%	10%	
Gross carrying amount	51,381	1,456	5,050	83,678	141,565
Loss allowance	1,027	73	404	66,119*	67,623

\* Includes specific provision relating to a debtor.



## 27. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### Payables and borrowings

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 16(b).

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<b>2021</b>					
Payables	561,034	0	0	561,034	561,034
Contract liabilities	211,000	0	0	211,000	211,000
	<u>772,034</u>	<u>0</u>	<u>0</u>	<u>772,034</u>	<u>772,034</u>
<b>2020</b>					
Payables	308,146	0	0	308,146	308,146
Contract Liability	16,500	0	0	16,500	16,500
	<u>324,646</u>	<u>0</u>	<u>0</u>	<u>324,646</u>	<u>324,646</u>

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**28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS**

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

**(a) AASB 1059 Service Concession Arrangements: Grantors**

Service concessions assets are those assets where a third-party operator constructs assets for the Shire, upgrades existing assets of the Shire or uses existing assets of the Shire to operate and maintain the assets to provide a public service, for a specified period of time. Where, in these circumstances, the third-party operator provides a public service on behalf of the Shire and is deemed to manage at least some of the services under its own direction, the assets are classified as service concession assets.

The Shire did not have any AASB 1059 service concession assets for the year ended 30 June 2021.

## 29. PRIOR YEAR ADJUSTMENT

During the current financial year, the Shire received notification that certain road assets and all drainage assets are Commonwealth assets and not Shire assets as reported in prior years resulting in an overstatement in the fair value of these road and drainage assets in the 2018/19 and 2019/20 financial years.

These errors have been rectified and the impact on the prior year comparatives has been disclosed below.

	30 June 2019 Original Balance	Increase/ (Decrease)	1 July 2019 Restated
	\$	\$	\$
<b>2019 Statement of Financial Position</b>			
<b>Non Current Assets</b>			
Infrastructure	27,712,602	(8,482,141)	19,230,461
<b>Equity</b>			
Retained surplus	11,691,360	155,362	11,846,722
Revaluation surplus	29,019,232	(9,448,105)	19,571,127
	30 June 2020 Original Balance	Increase/ (Decrease)	30 June 2020 Restated
	\$	\$	\$
<b>2020 Statement of Financial Position</b>			
<b>Non Current Assets</b>			
Infrastructure	27,962,738	(8,174,326)	19,788,412
<b>Equity</b>			
Retained surplus	11,284,800	465,779	11,750,579
Revaluation surplus	28,797,417	(8,640,105)	20,157,312

29. PRIOR YEAR ADJUSTMENT (continued)

	30 June 2020 Original Balance	Increase/ (Decrease)	30 June 2020 Restated
	\$	\$	\$
<b>Statement of Comprehensive Income</b>			
<b>By Nature or Type</b>			
Depreciation on non-current assets	(2,198,113)	307,815	(1,890,298)
<b>By Program</b>			
<b>Expenses</b>			
Transport	(4,134,270)	307,815	(3,826,455)

	30 June 2020 Original Balance	Increase/ (Decrease)	30 June 2020 Restated
	\$	\$	\$
<b>Statement of Changes in Equity</b>			
Retained surplus	11,284,800	465,779	11,750,579
Revaluation surplus	28,797,417	(8,640,105)	20,157,312

	30 June 2020 Original Balance	Increase/ (Decrease)	30 June 2020 Restated
	\$	\$	\$
<b>Rate Setting Statement</b>			
<b>Expenditure from operating activities</b>			
Transport	(4,134,266)	307,815	(3,826,451)
Non-cash amounts excluded from operating activities	2,163,869	(307,815)	1,856,054

	30 June 2020 Original Balance	Increase/ (Decrease)	30 June 2020 Restated
	\$	\$	\$
<b>Note 10 - Infrastructure</b>			
<b>Infrastructure - Roads</b>			
Opening balance	20,961,718	(3,167,099)	17,794,619
Depreciation expense	(991,583)	159,956	(831,627)
Carrying amount	21,380,212	(3,007,143)	18,373,069
<b>Infrastructure - Drainage</b>			
Opening balance	5,315,042	(5,315,042)	0
Depreciation expense	(147,859)	147,859	0
Carrying amount	5,167,183	(5,167,183)	0

	30 June 2020 Original Balance	Increase/ (Decrease)	30 June 2020 Restated
	\$	\$	\$
<b>Note 11 (c) - Fixed Assets Depreciation</b>			
Infrastructure - Roads	991,583	(159,956)	831,627
Infrastructure - Drainage	147,859	(147,859)	0

29. PRIOR YEAR ADJUSTMENT (continued)

	30 June 2020 Original Balance	Increase/ (Decrease)	30 June 2020 Restated
	\$	\$	\$
<b>Note 12 - Revaluation Surplus</b>			
Opening balance	28,211,232	(8,640,105)	19,571,127
Closing balance	28,797,417	(8,640,105)	20,157,312

	30 June 2020 Original Balance	Increase/ (Decrease)	30 June 2020 Restated
	\$	\$	\$
<b>Note 17 - Notes to the Statement of Cash Flows</b>			
Net result	(321,321)	307,815	(13,506)
Depreciation on non-current assets	2,198,113	(307,815)	1,890,298

	30 June 2020 Original Balance	Increase/ (Decrease)	30 June 2020 Restated
	\$	\$	\$
<b>Note 18 - Total Assets Classified by Function &amp; Activity</b>			
Transport	30,937,053	(8,174,326)	22,762,727

	30 June 2020 Original Balance	Increase/ (Decrease)	30 June 2020 Restated
	\$	\$	\$
<b>Note 26 - Rate Setting Statement Information</b>			
<b>(a) Non-cash amounts excluded from operating activities</b>			
Depreciation on non-current assets	2,198,113	(307,815)	1,890,298

	Original Balance	Increase/ (Decrease)	Restated
<b>Note 32 - Financial Ratios</b>			
<b>2019</b>			
Asset consumption ratio	0.64	0.12	0.76
<b>2020</b>			
Asset consumption ratio	0.63	0.05	0.68
Asset sustainability ratio	0.61	0.16	0.77
Operating surplus ratio	(0.37)	0.16	(0.21)
Own source revenue coverage ratio	0.26	0.02	0.28



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### 30. TRUST FUNDS

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

	1 July 2020	Amounts Received	Amounts Paid	30 June 2021
	\$	\$	\$	\$
Phosphate Hill Open Space (POS)	64,022	552	(64,574)	0
Taman Sweetland Reserve (POS)	55,541	304	0	55,845
	119,563	856	(64,574)	55,845

# SHIRE OF CHRISTMAS ISLAND

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2021

#### 31. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

Goods and services tax (GST) is not applicable to Christmas Island.

##### b) Current and non-current classification

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

##### c) Rounding off figures

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

##### d) Comparative figures

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

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

##### e) Budget comparative figures

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

##### f) Superannuation

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

##### g) Fair value of assets and liabilities

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

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

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

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

##### h) Fair value hierarchy

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

##### Level 1

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

##### Level 2

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

##### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

##### Valuation techniques

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

##### Market approach

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

##### Income approach

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

##### Cost approach

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

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

##### i) Impairment of assets

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

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

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

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

### 32. FINANCIAL RATIOS

	2021 Actual	2020 Restated	2019 Restated
Current ratio	1.30	1.70	1.56
Asset consumption ratio	0.80	0.68	0.76
Asset renewal funding ratio	1.03	1.01	1.05
Asset sustainability ratio	1.61	0.77	0.54
Debt service cover ratio	0.00	0.00	0.00
Operating surplus ratio	(0.33)	(0.21)	(0.33)
Own source revenue coverage ratio	0.29	0.28	0.30

The above ratios are calculated as follows:

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



## Auditor General

### INDEPENDENT AUDITOR'S REPORT 2021 Shire of Christmas Island

To the Councillors of the Shire of Christmas Island

## Report on the audit of the annual financial report

### Opinion

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

- the Statement of Financial Position at 30 June 2021, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

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

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

### Basis for opinion

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

### Emphasis of Matter – Restatement of comparative balances

I draw attention to Note 29 to the financial statements which states that the amounts reported in the previously issued 30 June 2020 financial report have been restated and disclosed as comparatives in this financial report. My opinion is not modified in respect of this matter.



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

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for 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 and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

## Auditor's responsibility for the audit of the financial report

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](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

## Report on other legal and regulatory requirements

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

- (i) In my opinion, the following material matters indicate a significant adverse trend in the financial position of the Shire:
  - a) The Operating Surplus ratio as reported in Note 32 of the annual financial report has been below the Department of Local Government, Sport and Cultural Industries (DLGSCI's) standard of 0.90 for the last three financial years; and
  - b) The Own Source Revenue Coverage ratio as reported in Note 32 of the annual financial report is below the DLGSCI's standard of 0.40 for the last three financial years.
- (ii) The following material matter indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
  - a) Significant weaknesses were identified in the Shire's general computer controls over user access and change management relating to the financial system. These weaknesses increase the risk of inappropriate or unauthorized access to the system and undermine the confidentiality, integrity and availability of the entity's financial system and information.



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

### **Other information**

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

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

### **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 2021 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

Grant Robinson  
Assistant Auditor General Financial Audit  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
14 March 2022