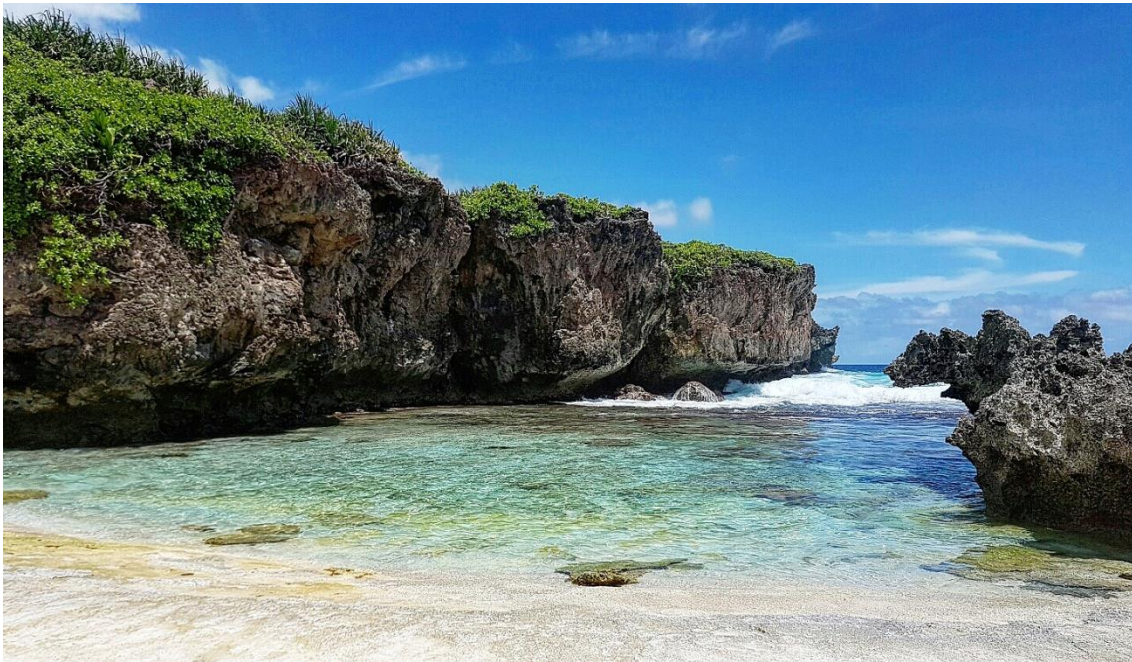




SHIRE OF CHRISTMAS ISLAND



ANNUAL REPORT 2019

Table of Contents

Elected Members of the Shire of Christmas Island	ii
Report of the Shire President	iii
Report of the Chief Executive Officer	vi
Section Reports	viii
Plan for the Future – Overview	xvi
Register of Complaints	xvii
Financial Report	1
Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature of Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	9
Independent Audit Report	49

ELECTED MEMBERS 2019



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

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



PRESIDENT'S REPORT

On behalf of the Council of the Shire of Christmas Island, I present the Shire of Christmas Island Annual Report 2018/2019.

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

The Office of the Auditor General has supervised the audit of the Annual Financial Report, declaring "the result of the audit was satisfactory". Again I congratulate our Shire staff on their achievement in compliance and management of our resources. I thank our Shire managers and staff for the support that they have given the Councillors throughout the year.

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

The growing engagement of the community in the Territory Week celebrations and another successful Christmas Island Marathon is a just reward for the fantastic effort of organisation by the Shire's Community Services team over many months. On behalf of the Council I heartily thank all of our Shire employees for joining in the effort, giving up their time and efforts to the cause of bringing the show to the people.

For the past seven years the Shire has provided practical support to the MINTOPE (Mining to Plant Enterprises) Project. The MINTOPE project is winding up at the end of this year. The next chapter in this project is the establishment of the Indian Ocean Learning Communities, a collaboration of Singapore's Temasek Polytechnic, the Harry Butler Institute and Murdoch University Campuses in Singapore and Perth. The leadership of the MINTOPE Project has prepared the business case, and the interested parties are now determining their commitments to the initiative. This new project will be about bringing students from Singapore and Australia for field studies and research into food production on Christmas Island. MINTOPE's 2018 millet crop proved this cereal crop could be part of our agricultural future alongside sorghum which have both proved suitable as components of fish and poultry feed and beer and spirit production as demonstrated on Island in 2018. The MINTOPE team's activities have opened the Island to the real possibilities of ongoing tertiary educational and research programmes through Murdoch University and other regional universities in the fields of: bio-security, bio-prospecting, ecological diversity monitoring, intensive agriculture/urban farming, brewing and distillation, mining land rehabilitation, sustainable mine closure, forestry management, environmental land management, small business development, food security and marine science. All of these courses could be activated on Christmas Island with appropriate stewardship and advocacy.

We continue our advocacy for a say in the government of the Island that is consistent with the democratic institutions and rights applying to mainland Australian citizens. We are requesting proper consultation with the community and decision-making powers in the making of the SDAs (Service Delivery Arrangements) that provide state type services on the Island. When necessary we have adopted a direct approach to WA Government departments as we re-tune our own

consultation processes about the decisions of government that determine how we live, work and socialise on our Island. In particular we are continually engaged with the State Department of Planning about the decisions around land use and management, such as the release of Crown Land for development, where Commonwealth and Shire responsibilities intersect.

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

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

Councillors have been heavily engaged in advocacy with the Commonwealth, particularly Ministers, 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 addressed submissions to Ministers the Honourable Sussan Ley MP and the Honourable Nola Marino MP on several matters raised through the Council including:

- Christmas Island Applied Laws Amendment (Fish Resources Management) Ordinance 2019

- 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
- Casino License for Christmas Island Resort
- Indian Ocean Territories Health Service 5 Year Strategic Plan
- Aged Care Services
- Air Services between Christmas Island, Cocos (Keeling) Islands and Northern ports
- Settlement Sports Hall Redevelopment
- Social Infrastructure
- Rent to buy arrangements for public housing

The Indian Ocean Territories Economic Development Organisation (IOTRDO) amended its constitution in May this year with the effect of removing direct representation of the Shire of Christmas Island and the Shire Cocos (Keeling) Islands, and assigning sole power to the Administrator to determine membership. These changes to the Constitution of the IOTRDO, affecting its composition, are most regrettable and will have ramifications bearing on any discussion about democratic governance reforms in this Territory.

In June Shire Councillors joined with the Mayor of Norfolk Island Council and members of Norfolk Island People for Democracy, former Administrator Jon Stanhope, Academics from Australian Universities in a one day Governance Forum in Canberra. The forum examined the current status of the Norfolk Islanders' case for the United Nations to supervise an Act of Self-Determination, such as the one held in Cocos (Keeling) Islands in 1984; the relevance of the Norfolk Islanders experience if such an approach were to be adopted by the people of Christmas Island; and consideration of alternative approaches to establishing democratic government of the people by the people of the Island. The broadest possible community discussion is required now. In the coming year the Council will continue that discussion through our Community Consultative Committee, Council Meetings and Public forums.

The Shire acknowledges the support and assistance of many partners in service provision on the Island, particularly the Department of Infrastructure, Transport, Cities and Regional Development (DITCRD). The Building Better Regions Fund, an Australian Government programme administered by the DITCRD, awarded the Shire \$75,000 for the "Our Streets are our Museums" murals project. Artists Gavin Libotte, Lauren Fane and Talishia Zarb (videographer) have completed a series of murals about our stories on walls at the Community Hall, Marine Building, Malay Club, George Fam Centre and Drumsite Park, with more to come in the new year.

We continue to enjoy the assistance and support of our parliamentary representatives in Canberra. Local businesses and organisations continue to make financial contributions to community services and events - Cove Day, the Christmas Island Marathon and the many cultural activities that make our Island a great place to live.

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

Gordon Thomson
President
Shire of Christmas Island

31 October 2019

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 18/19.

In 18/19 the Shire has restructured its organisational and managerial structure. This has led to a reduction of 1 managerial position and the creation of the Community/Recreation Services and Training section under Oliver Lines as the new manager. The Shire also welcomes Graeme Hedditch as our new Works Manager.

The Shire in conjunction with Parks Australia has sealed parts of the Dales and Blowhole roads, this will assist both residents and tourists in a better all-weather access to those areas.

During 18/19 we have seen the Detention Centre taken out of Hot Contingency to full operations back again. This has led to an economic roller-coaster ride for the Christmas Island community at a time we are in need of directional economic stability.

The President has continued to urge a speedy decision of the issuing of a Casino Licence and we continue to wait that decision with anticipation and hope.

In perusing a long-term economic direction for Christmas Island the Council has endorsed the CHRISTMAS ISLAND – SINGAPORE STRATEGY which is on our Web Site under Shire Business Documents, and I would encourage all CI residents to read that plan.

The Shire looks forward to working with the community in 19/20 to meet the challenges and to build on that relationship for the betterment of the community.

Finance and Administration

Members of Council and Management staff were involved in the preparation of Council's annual budget for 18/19 which was adopted at the Ordinary Meeting held 24th July 2018.

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

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

Planning Building and Health

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

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

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

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

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

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

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

Governance and Policy

Shire's commitment to good governance has consistently been demonstrated by positive auditor reports from our third party auditors Moore Stephens WA. The 2018/2019 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 – With the retirement of Chew Boon Beng in early 2019 the Shire restructured the Community Services section to include broader activities under the management of Oliver Lines. The Shire looks forward to deeper community engagement in 19/20 as those restructured Community Service functions are rolled out. The annual Seniors Week held in July 2018 organized by the Community Services Section was another great success. The Community Services section has responsibility in coordinating meetings with the Senior Citizens Centre Advisory Committee for the management of the Senior Citizens Centre. The Community Services section continues with responsibility for the ongoing implementation of the Council Community Strategic Plan that was formally the CI 2018 Our Future Community Plan. The Youth section continues with the excellent work in coordinating the annual local government Banners in the Terrace project as well as various school holidays programs.

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

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

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

Further information can be found under the Community/Recreation Services 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 18/19 to carry out planned and emergency work.

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

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



David Price
Chief Executive Officer

FINANCE & ADMINISTRATION



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

Financial Reporting

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

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

Finance

Grants from Western Australia Local Government Grants Commission, Department of Regional Australia Regional Development Local Government (DRARDLG), Commonwealth and Roads to Recovery were Council's main source of revenue and accounted for 63.25 % of revenue for the year 2018/19.

Grants	2018/19	2017/18
	\$	\$
WA Local Government Grants Commission	5,509,491	2,129,825
Commonwealth (Special Grants)	15,000	15,000
Central Road Authority Grants	600,000	600,000
Roads to Recovery	129,303	231,608
Total	6,253,794	2,976,433

Rates revenue represented 13.50% of Council's total revenue. Garbage charges and other revenues accounted for 13.25%.

Assets

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

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

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

At 30 June 2019 grand total balance was \$44,102,750.

Budget

Council adopted the Annual Budget for the year ended 30 June 2019 at an Ordinary Meeting of Council held on 24 July 2018.

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

Computer System

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

Creditors

At 30 June 2019 grand total outstanding balance was \$274,279.

Debtors

At 30 June 2019 grand total outstanding balance was \$133,170.

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 \$6,365,680.

Rates

The general rate on residential property based on its Gross Rental Value had been set at 9.4112 cents in the dollar and unimproved property at 20.6269 cents in the dollar of unimproved value.

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

• Residential single	250
• Residential flat	208
• Residential Multiple	1
• DIMIA Site	21
• Casino	2
• Unallocated	41
• Commercial/shops	87
• Industrial - GRV	17
• Industrial – UV	1
• Mining tenement-GRV	1
• Mining tenement-UV	4
• Rural	2
• Private club	6

Total	641
	===

At 30 June 2019 grand total outstanding balance was \$54,549.

Records Management

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

Website

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

Compliance

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

WORKS & SERVICES

Achievements - 2018/19

Roads Construction

- Preparation of project for the sealing of unsealed, Dales Road, Shire of Christmas Island.
- Reseal, Murray Road to Poon Saan Road.
- Reseal, Pai Chin Loh to Lower Poon Saan Road
- Reseal, Pai Chin Loh
- Private Works; Lily Beach road repairs,
- Reseal ; Airport Carpark
- Reseal ; Hospital Carpark.
- Maintain unsealed roads.

Linemarking

- Roads Ongoing Throughout the Shire of Christmas Island.
- Car parks, upgrade line marking works, ongoing.

Shire Housing

Upgrades are Ongoing

Sentinel Road Sweeping

Throughout the Shire of Christmas Island Sealed Roads.

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

Civil Works

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



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

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

Parks and Gardens

Maintains and improves community parks, reserves and recreational facilities.

- Dolly Beach road Tree Trimming, Mowing and Slashing.
- Foreshore; Up keep.
- Cemetery; Mowing and Tree removal.
- Maintain Parks
- Spraying of Weeds



Parks and Gardens

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

Plant Operations

Provides whole of organisation support through maintenance of the plant and vehicle fleet and vehicle inspection services for the Motor Vehicle Registry.



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

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

Motor Vehicle Inspections

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

Management and Operations Support

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

RAMM Development Officer, Wei Ho.



Stores Officer Anwar Afan

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

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

PLANNING/BUILDING & HEALTH



Ron De Cruz
Waste & Health Officer



Sho Yit Meng
Ranger



Othman Dardak
Maintenance



Alex Goh
Snr Plant Operator



Koh Tiang Kok
Waster Vehicle Driver



Sujangi Buang
Plant Operator

Bahari Yusof
Gatekeeper

Eng Kim Hua
Cleaner

SECTION ACTIVITIES

During the 2018- 2019 financial year SOCI Planning, Building & Health Section provided the following services to the CI community:

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

- property and building maintenance of council owned or council controlled buildings.

Planning & Building Control

Planning Approvals

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

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

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

Building Approvals

The CEO provides the building approval function regards information and the processing and issuing of Building Permits inclusive of associated certifications, the assessing new applications submitted in ensuring plans and specifications are in order, that structural conditions have been satisfactorily addressed by practising structural engineers and other various certifiers as part of the approval process.

Environmental Health

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

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

Ranger Services/Animal Control

Ranger Services are tasked with responding to callouts, educating and where necessary enforcing relevant Shire

of Christmas Island Local Laws and WA State legislation re issues concerning:

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

Waste Management Services

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

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

Waste management services duties further include

- the current rehabilitation, remediation and re-development of the landfill site which continues to be progressed in meeting the Department of Environment and Regulation Licensing Conditions.
- this has been a major role for the Manager Planning Building & Health over the past 8 years, working in conjunction with the Plant Operators namely Alex Goh and Sujangi Buang a very noticeable and positive impact has occurred upon the site with a readily visible difference. Recycling whilst still fledgling in nature is planned to occur in coming years. The current high cost, quarantine restrictions, tyranny of distance and lack of funding available and hence

what would be a major impost re costs upon the community have all served to delay this process.

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

Property Maintenance & Management

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

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

Community Services, Recreation & Training



(L to R) Ron Foo (Community Development Officer), Oliver Lines (Manager) Suzane Chan (Youth & Culture Officer), Arfah Omar (Media Officer)

Not in picture: Susan De Cruz (Librarian) and Gary Foo (Community Services Officer)

Community Services merged with Recreation Services and Training to provide a more rounded and Community Department.

Recreation

2019 has seen delayed projects progress or come into fruition.

- Projects that have progressed have been the Parks upgrade which has seen Picnic Table Settings, Swings and Play equipment placed in Drumsite, Gazebos repaired and old wooden hazardous Fitness stations removed.
- The Poon Saan Basketball Courts have been upgraded with a fresh Acylic Paint cover laid over repaired cracks and a Fibreglass Mesh. A Basketball competition sponsored by local business will commence in a fortnight.
- Recreation Services is pleased to see shade trees planted in 2017 start to spread shade over the walking path that runs alongside Drumsite Park.
- The next stage has been reached in the Christmas Island Skate Park with the Final Concept Plans Technical drawings for construction put up by the Shire for Tender.

Christmas Island Sports and Recreation Strategic Plan

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

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

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

- Planning, delivering and improving the Christmas Island Marathon
- Continuing to plan, assist and deliver the Visiting Coaches Program
- Progressing with the Christmas Island Skate Park
- Storage Racks Completed for community aquatic Craft/Surf Ski's in Flying Fish Cove
- Development of Open Spaces and Parks

- Progress in identifying Mountain Bike Opportunities

Health and Fitness initiatives

Recreation Services in partnership with sponsors and local volunteer groups organised and delivered the

- Casino to Cove 10km – 30th June
- Territory Day Open Water Swim Challenge – 7th October
- Christmas Island Marathon – 7th October

Events

CRS&T Organised and delivered:

- Casino to Cove
- Seniors Week
- School Holiday Program
- Christmas Island Marathon
- Territory Week

School Holiday program

The 2019 School Holiday programs are always very popular with the Community kids being treated to Waterslides, Sandcastle competitions at the Cove and arts and Crafts in the Library.

The Youth Officer, Librarian and Manager will look for exiting new activities to introduce in 2019

Seniors Week

Ran from the 22nd July until the 28th with activities continuing with the Shire support organised by IOTHS through to September. The Shire program began with the opening of the Week at the Police Padang (Tea Gardens) with the closing held with a dinner at CLA.

The feedback by the Senior Community has been very positive.

The Rec /Community Services team are putting their heads together to further add to the Seniors Week experience for 2019.

Shire Library

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

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

Training Officer Role

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

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

Training courses undertaken in 2019

- CPR
- 1st Aid
- Cert 3 Business – Arfah Omar & Chia Vee Ho (Wei) (Community Services and IT Finance)
- Traffic Management & Control
- Warehouse Operations
- Working at Heights
- Electrical Tagging

Community Bus Service

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

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

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

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

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

Community Awareness Activities

CRST have participated in partnership with environmental initiatives such as the Marine Clean-up program supplying / dropping off and collecting waste from the Islands beaches.

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

Towards 2020

CRST will look to:

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

HUMAN RESOURCES

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

In 18/19 there were 5 employees with a salary over \$100k.

The Shire has continued to commit investment in employee's training and skills development to improve efficiency and performance of the Council. During the 2018/19 financial year, approximately 50% of the Shire's workforce attended various training courses ranging from skills development, vocational education, formal education, work experience to conferences to improve their skills, knowledge and abilities required to perform their work efficiently and effectively.

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

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

GOVERNANCE, RESEARCH, POLICY AND GRANTS



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

2018/19 saw the promotion of the position to Manager in the reorganisation of the George Fam team following natural attrition in other sections. New roles for the position include election duties, management of the Community Consultative Committee, assisting Local Elections as Deputy Returning Officer and Service Delivery Arrangements research.

The position reports to the CEO and involves either representative or secretarial commitments in the Community Consultative Committee, Joint Consultative Committee, MINTOPE Reference Group, Indian Ocean Group Training Association and the Commonwealth Roads Authority.

The GRPG Manager assisted on the 60th Territory Week Festival in October 2018 alongside the rest of the Organising Committee, Darren Marsh and Oliver Lines. The Festival saw some 200 ex-islander families and Cocos Community Members come to the festival and saw several new events including the nostalgic 'A Capture Moment: A Night with Dr. Steven Chia and friends,' the '60th Anniversary Taijin House Photo Exhibition' as well co-ordinating planning with the CLA Mooncake Festival in the same period alongside the usual Cove Day celebrations. Two weeks after the 60th Anniversary, the GRPG Manager assisted in the 2018 CI Marathon; both of these events took months in planning and coordination.

Governance and Policy

The 2018/2019 year has seen Council review its local laws and adopt reviewed legislation in the 2018 year. All local governments are to review their local laws periodically with the GRPG overseeing this

process through to the final waste local law being adopted in 2019.

The coming financial year will see SOCI commence review, consultation and update of the Local Planning Strategy and Town Planning Scheme as required by legislation. Position has worked with WA Dept. Planning, Land and Heritage on a Business Case for the DPLH to conduct the Local Planning Scheme Review which DIRDC has accepted; DPLH will be assisting SOCI in LPS review in 2019/2020.

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

Research

Research projects the office took this year included:

- UWA CIP socio-economic impact study
- Aged Care Roadmap
- Ma Chor Nui Nui La Trobe University Research

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

Grants

Following up on a successful 18/19 grant application year with a \$15,000 grant from the Commonwealth to develop universal access to the George Fam Centre, the Shire has been successful in obtaining \$75,000 from the DIRDC Building Better Regions Fund 2019/2020 year to action streetscape beautification items from the CI 2021 Plan with the 'Our Streets Are Our Museums: CI Public Art' program.



2019 Our Streets Are Our Museums: CI Public Art Program – “Shay Locomotive at Community Hall, artist Ortemel”

This involves the creation of seven murals in the township to portray island culture, history and society alongside social media content.



2019 Our Streets Are Our Museums: CI Public Art Program – “Christmas Island Robber Crab, artist Ortemel”

Various small grants were obtained during the year for Territory Week and the CI Marathon as well.

PLAN FOR THE FUTURE - OVERVIEW

Following is a summary of major initiatives proposed in the plan to commence or continue in the 2018/19 financial year.

GOVERNANCE & CORPORATE DEVELOPMENT

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

WELFARE

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

WASTE MANAGEMENT

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

TOWN PLANNING & DEVELOPMENT

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

RECREATION & CULTURE

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

TRANSPORT

- Reseal Quarry Road.
- Reseal Linkwater Road.
- Reseal Lam Lok Loh.
- Reseal Seaview Drive.
- Reseal Golf Course Road.
- Reseal Murray Road – Divided Road to Turn Off Poon Saan Road.

PUBLIC HEALTH

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

COMPETITIVE NEUTRALITY

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

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

2. DISABILITY SERVICE PLAN 2018/19

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 2019.

Community Relations and Customers Services

No complaints received by the Shire of Christmas Island as at 30 June 2019.

SHIRE OF CHRISTMAS ISLAND
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and forming part of the Financial Report	9
Independent Auditor's Report	49

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

SHIRE OF CHRISTMAS ISLAND
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

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

Signed on the

24TH

day of OCTOBER

2019



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 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	24(a)	1,327,396	1,334,427	1,316,902
Operating grants, subsidies and contributions	2(a)	6,254,395	5,306,375	2,996,243
Fees and charges	2(a)	1,597,303	1,098,846	1,557,809
Interest earnings	2(a)	136,334	130,127	151,332
Other revenue	2(a)	25,662	627,499	30,739
		9,341,090	8,497,274	6,053,025
Expenses				
Employee costs		(6,365,681)	(7,049,133)	(6,343,921)
Materials and contracts		(713,794)	(800,000)	(501,205)
Utility charges		(92,434)	(140,000)	(103,067)
Depreciation on non-current assets	11(c)	(2,265,996)	(2,193,300)	(2,252,114)
Insurance expenses		(165,976)	(175,000)	(164,457)
Other expenditure		(681,617)	(168,754)	(1,626,620)
		(10,285,498)	(10,526,187)	(10,991,384)
		(944,408)	(2,028,913)	(4,938,359)
Non-operating grants, subsidies and contributions	2(a)	544,303	98,000	505,849
Profit on asset disposals	10(a)	0	0	1,751
(Loss) on asset disposals	11(a)	(59,551)	0	(3,409)
Fair value adjustments to financial assets at fair value through profit and loss	8(a)	1,610	0	2,958
Reversal of prior year loss on revaluation of Infrastructure - Others	12	0	0	344,589
		486,362	98,000	851,738
Net result for the period		(458,046)	(1,930,913)	(4,086,621)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	(138,054)	0	3,460,197
Total other comprehensive income for the period		(138,054)	0	3,460,197
Total comprehensive income for the period		(596,100)	(1,930,913)	(626,424)

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 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue	2(a)			
Governance		7,844	5,000	7,714
General purpose funding		7,463,666	6,127,229	4,076,547
Law, order, public safety		633	1,000	679
Health		38,640	18,000	35,328
Education and welfare		1,209	6,000	5,257
Housing		59,644	80,400	69,927
Community amenities		817,579	785,045	1,086,532
Recreation and culture		85,250	765,600	76,039
Transport		793,580	663,000	627,002
Economic services		31,557	32,000	31,307
Other property and services		41,488	14,000	36,693
		9,341,090	8,497,274	6,053,025
Expenses	2(a)			
Governance		(845,902)	(822,675)	(811,104)
General purpose funding		(125,116)	(139,257)	(118,635)
Law, order, public safety		(285,923)	(321,777)	(289,467)
Health		(135,382)	(167,075)	(304,777)
Education and welfare		(529,719)	(567,159)	(564,534)
Housing		(161,078)	(182,282)	(148,474)
Community amenities		(1,469,467)	(1,671,063)	(1,555,753)
Recreation and culture		(1,696,508)	(2,163,707)	(1,722,466)
Transport		(4,174,042)	(4,116,537)	(4,752,057)
Economic services		(86,652)	(174,655)	(99,722)
Other property and services		(775,709)	(200,000)	(624,395)
		(10,285,498)	(10,526,187)	(10,991,384)
		(944,408)	(2,028,913)	(4,938,359)
Non-operating grants, subsidies and contributions	2(a)	544,303	98,000	505,849
Profit on disposal of assets	11(a)	0	0	1,751
(Loss) on disposal of assets	11(a)	(59,551)	0	(3,409)
Fair value adjustments to financial assets at fair value through profit and loss	8(a)	1,610	0	2,958
Reversal of prior year loss on revaluation of Infrastructure - Others	12	0	0	344,589
		486,362	98,000	851,738
Net result for the period		(458,046)	(1,930,913)	(4,086,621)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	(138,054)	0	3,460,197
Total other comprehensive income for the period		(138,054)	0	3,460,197
Total comprehensive income for the period		(596,100)	(1,930,913)	(626,424)

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



SHIRE OF CHRISTMAS ISLAND
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019

	NOTE	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	3	2,181,252	546,084
Trade receivables	5	120,096	186,648
Other financial assets	8	3,548,888	4,785,764
Inventories	6	178,131	486,826
Other assets	7	12,061	997
TOTAL CURRENT ASSETS		6,040,428	6,006,319
NON-CURRENT ASSETS			
Inventories	6	278,644	0
Property, plant and equipment	9	13,991,247	14,413,924
Infrastructure	10	30,111,503	30,703,306
TOTAL NON-CURRENT ASSETS		44,381,394	45,117,230
TOTAL ASSETS		50,421,822	51,123,549
CURRENT LIABILITIES			
Trade and other payables	13	471,309	487,557
Employee related provisions	15	1,737,293	1,808,394
TOTAL CURRENT LIABILITIES		2,208,602	2,295,951
NON-CURRENT LIABILITIES			
Employee related provisions	15	72,705	90,983
TOTAL NON-CURRENT LIABILITIES		72,705	90,983
TOTAL LIABILITIES		2,281,307	2,386,934
NET ASSETS		48,140,515	48,736,615
EQUITY			
Retained surplus		11,691,360	12,260,833
Reserves - cash backed	4	5,031,022	4,919,595
Revaluation surplus	12	31,418,133	31,556,187
TOTAL EQUITY		48,140,515	48,736,615

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 30TH JUNE 2019

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2017		15,783,258	5,483,791	28,095,990	49,363,039
Comprehensive income					
Net result for the period		(4,086,621)	0	0	(4,086,621)
Other comprehensive income	12	0	0	3,460,197	3,460,197
Total comprehensive income		(4,086,621)	0	3,460,197	(626,424)
Transfers from/(to) reserves		564,196	(564,196)	0	0
Balance as at 30 June 2018		12,260,833	4,919,595	31,556,187	48,736,615
Comprehensive income					
Net result for the period		(458,046)	0	0	(458,046)
Other comprehensive income	12	0	0	(138,054)	(138,054)
Total comprehensive income		(458,046)	0	(138,054)	(596,100)
Transfers from/(to) reserves		(111,427)	111,427	0	0
Balance as at 30 June 2019		11,691,360	5,031,022	31,418,133	48,140,515

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

SHIRE OF CHRISTMAS ISLAND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,315,130	1,366,964	1,350,751
Operating grants, subsidies and contributions		6,333,213	5,396,375	2,953,041
Fees and charges		1,597,303	1,098,846	1,571,310
Interest received		136,334	130,127	151,332
Other revenue		25,662	627,499	30,739
		9,407,642	8,619,811	6,057,173
Payments				
Employee costs		(6,658,199)	(6,874,880)	(6,190,671)
Materials and contracts		(507,414)	(786,027)	(588,233)
Utility charges		(92,434)	(140,000)	(103,067)
Insurance paid		(165,976)	(175,000)	(164,457)
Other expenditure		(681,617)	(168,752)	(1,348,478)
		(8,105,640)	(8,144,659)	(8,394,906)
Net cash provided by (used in) operating activities	16	1,302,002	475,152	(2,337,733)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(694,815)	(790,000)	(597,000)
Payments for construction of infrastructure		(790,390)	(231,580)	(349,568)
Non-operating grants, subsidies and contributions		544,303	98,000	505,849
Proceeds from sale of property, plant & equipment		36,084	0	3,250
Payments for development of Land held for resale		(502)	0	0
Proceeds from disposal of financial assets		1,238,486	0	0
Payments for purchase of financial assets		0	0	(4,767,635)
Net cash provided by (used in) investment activities		333,166	(923,580)	(5,205,104)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net cash provided by (used in) financing activities		0	0	0
		0	0	0
Net increase (decrease) in cash held		1,635,168	(448,428)	(7,542,837)
Cash at beginning of year		546,084	5,313,719	8,088,921
Cash and cash equivalents at the end of the year	16	2,181,252	4,865,291	546,084

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

SHIRE OF CHRISTMAS ISLAND
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	25	26,907	222,812	2,513,070
		26,907	222,812	2,513,070
Revenue from operating activities (excluding rates)				
Governance		7,844	5,000	7,714
General purpose funding		6,139,264	4,792,802	2,765,126
Law, order, public safety		633	1,000	679
Health		38,640	18,000	35,328
Education and welfare		1,209	6,000	5,257
Housing		59,644	80,400	69,927
Community amenities		817,579	785,045	1,086,532
Recreation and culture		85,250	765,600	76,039
Transport		793,580	663,000	628,753
Economic services		31,557	32,000	31,307
Other property and services		41,488	14,000	36,693
		8,016,688	7,162,847	4,743,355
Expenditure from operating activities				
Governance		(850,475)	(822,675)	(811,104)
General purpose funding		(125,116)	(139,257)	(118,635)
Law, order, public safety		(285,923)	(321,777)	(289,467)
Health		(135,382)	(167,075)	(304,777)
Education and welfare		(529,719)	(567,159)	(564,534)
Housing		(161,078)	(182,282)	(148,474)
Community amenities		(1,479,693)	(1,671,063)	(1,556,533)
Recreation and culture		(1,725,256)	(2,163,707)	(1,724,226)
Transport		(4,190,046)	(4,116,537)	(4,752,926)
Economic services		(86,652)	(174,655)	(99,722)
Other property and services		(775,709)	(200,000)	(279,806)
		(10,345,049)	(10,526,187)	(10,650,204)
Non-cash amounts excluded from operating activities	25	2,342,240	2,504,064	1,979,580
Amount attributable to operating activities		40,786	(636,464)	(1,414,199)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	544,303	98,000	505,849
Proceeds from disposal of assets	11(a)	36,084	0	3,250
Purchase of property, plant and equipment	9(a)	(694,815)	(790,000)	(597,000)
Purchase and construction of infrastructure	10(a)	(790,390)	(231,580)	(349,568)
Amount attributable to investing activities		(904,818)	(923,580)	(437,469)
FINANCING ACTIVITIES				
Transfers to reserves (restricted assets)	4	(115,077)	(566,383)	(301,700)
Transfers from reserves (restricted assets)	4	3,650	792,000	865,896
Amount attributable to financing activities		(111,427)	225,617	564,196
Surplus/(deficit) before imposition of general rates		(975,459)	(1,334,427)	(1,287,472)
Total amount raised from general rates	24	1,326,012	1,334,427	1,314,379
Surplus/(deficit) after imposition of general rates	25(b)	350,553	0	26,907

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

1. BASIS OF PREPARATION

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

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

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the 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 26 to these financial statements.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

2 REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	1,362	0	1,514
General purpose funding	5,999,937	4,659,675	2,608,312
Law, order, public safety	633	700	539
Health	1,523	1,000	1,382
Education and welfare	1,209	6,000	0
Community amenities	0	0	5,257
Recreation and culture	42,000	31,000	30,300
Transport	200,000	600,000	340,759
Other property and services	7,731	8,000	8,180
	6,254,395	5,306,375	2,996,243
Non-operating grants, subsidies and contributions			
Recreation and culture	15,000	0	15,000
Transport	529,303	98,000	490,849
	544,303	98,000	505,849
Total grants, subsidies and contributions	6,798,698	5,404,375	3,502,092

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over

Grants, donations and other contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 23. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

2 REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2019 Actual \$	2019 Budget \$	2018 Actual \$
Other revenue			
Reimbursements and recoveries	25,662	627,499	30,739
	25,662	627,499	30,739
Fees and Charges			
Governance	0	3,000	52
Health	37,117	17,000	33,946
Housing	59,644	80,400	69,927
Community amenities	817,579	755,046	1,086,533
Recreation and culture	38,770	133,400	44,295
Transport	17,559	72,000	73,958
Economic services	31,557	32,000	31,307
Other property and services	595,077	6,000	217,791
	1,597,303	1,098,846	1,557,809

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

Interest earnings

Reserve accounts interest	115,105	105,127	118,307
Rates instalment and penalty interest (refer note 24(e))	6,897	5,000	7,497
Other interest earnings	14,332	20,000	25,528
	136,334	130,127	151,332

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 30TH JUNE 2019

2 REVENUE AND EXPENSES (Continued)

(b) Expenses	2019 Actual \$	2019 Budget \$	2018 Actual \$
Significant expense			
Payment of severene to Manager Community Services/ Early termination of contract to Manager Planning/Building/ Health.	0	0	157,820
Auditors remuneration			
- Audit of the Annual Financial Report	40,000	30,000	25,686
- Other services	7,000	10,000	2,550
	47,000	40,000	28,236

3 CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		2,181,252	546,084
Financial assets at amortised cost (Term deposits)	8	3,529,149	4,767,635
		<u>5,710,401</u>	<u>5,313,719</u>
Comprises:			
- Unrestricted cash and cash equivalents		645,335	251,545
- Restricted cash and cash equivalents		5,065,066	5,062,174
		<u>5,710,401</u>	<u>5,313,719</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Employees benefits reserve	4	1,549,749	1,514,276
Plant & machinery reserve	4	1,122,717	1,097,008
Furniture & equipment reserve	4	737,121	720,241
Buildings reserve	4	672,321	656,926
Welfare fund reserve	4	84,611	86,438
Recreation services reserve	4	317,617	310,344
Waste management reserve	4	446,986	436,750
Road works & materials reserve	4	99,900	97,612
		<u>5,031,022</u>	<u>4,919,595</u>
Other restricted cash and cash equivalents			
Unspent grants/contributions	23	0	142,579
Bonds and deposits held	27	34,044	0
Total restricted cash and cash equivalents		<u>5,065,066</u>	<u>5,062,174</u>

Financial assets at amortised cost have been included to correctly disclose the split between unrestricted and restricted cash and balance note 4 - Reserves-Cash Backed.

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

Cash and cash equivalents (Continued)

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.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

		2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance	2019 Budget Opening Balance	2019 Budget Transfer to	2019 Budget Transfer (from)	2019 Budget Closing Balance	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance
4 RESERVES - CASH BACKED		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a)	Employees benefits reserve	1,514,276	35,473	0	1,549,749	1,464,276	131,240	0	1,595,516	1,457,223	214,873	(157,820)	1,514,276
(b)	Plant & machinery reserve	1,097,008	25,709	0	1,122,717	1,097,009	153,450	(180,000)	1,070,459	1,316,188	28,380	(247,560)	1,097,008
(c)	Furniture & equipment reserve	720,241	16,880	0	737,121	770,242	66,464	(170,000)	666,706	761,430	16,418	(57,607)	720,241
(d)	Buildings reserve	656,926	15,395	0	672,321	656,918	75,418	(185,000)	547,336	858,119	18,503	(219,696)	656,926
(e)	Welfare fund reserve	86,438	1,823	(3,650)	84,611	86,438	1,755	(2,000)	86,193	86,569	1,869	(2,000)	86,438
(f)	Recreation services reserve	310,344	7,273	0	317,617	310,353	26,634	(115,000)	221,987	438,845	9,463	(137,964)	310,344
(g)	Waste management reserve	436,750	10,236	0	446,986	436,749	59,336	(140,000)	356,085	469,867	10,132	(43,249)	436,750
(h)	Road works & materials reserve	97,612	2,288	0	99,900	97,611	52,086	0	149,697	95,550	2,062	0	97,612
		4,919,595	115,077	(3,650)	5,031,022	4,919,596	566,383	(792,000)	4,693,979	5,483,791	301,700	(865,896)	4,919,595

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

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

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

5 TRADE RECEIVABLES

Current

Rates receivable
Sundry receivables
Allowance for impairment of receivables

2019	2018
\$	\$
54,549	42,283
133,170	228,988
(67,623)	(84,623)
120,096	186,648

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

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

Previous accounting policy: Impairment of trade receivables

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

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.

6 INVENTORIES

	2019	2018
	\$	\$
Current		
Other inventories - Aggregate/Fuel	178,131	208,684
Land held for resale - cost		
Development costs (transfer from freehold land)	0	278,142
	178,131	486,826
Non-current		
Land held for resale - cost		
Development costs	278,644	0
	278,644	0

The following movements in inventories occurred during the year:

Carrying amount at 1 July	486,826	486,826
Additions to land held for resale	502	0
Inventory expensed during the year	(31,055)	0
Carrying amount at 30 June	456,775	486,826

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

7 OTHER ASSETS

	2019	2018
	\$	\$
Other current assets		
Prepayments	12,061	997
	12,061	997

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

8 OTHER FINANCIAL ASSETS

(a) Current assets

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

2019	2018
\$	\$
19,739	18,129

Financial assets at amortised costs - term deposits

3,529,149	4,767,635
3,548,888	4,785,764

During the year, the following gains/(losses) were recognised in profit and loss:

Fair value gains/(losses) on equity investments at fair value through profit and loss are recognised in other gains/(losses) and classified as other property and services

1,610	2,958
1,610	2,958

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised costs

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.

Term deposits with original maturities of three months or more were classified as cash and cash equivalents in the 2018 financial report. However, they have been re-classified to financial assets at amortised costs.

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Previous accounting policy: available for sale financial assets

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

Previous accounting policy: Loans and receivables

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

Refer to Note 29 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

9 PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	2,460,000	808,000	3,268,000	1,159,000	7,070,950	8,229,950	11,497,950	390,074	3,253,746	15,141,770
Additions	19,331	0	19,331	0	294,779	294,779	314,110	3,677	279,213	597,000
(Disposals)	0	0	0	0	0	0	0	(2,961)	(1,947)	(4,908)
Depreciation (expense)	0	0	0	(28,975)	(338,513)	(367,488)	(367,488)	(53,801)	(603,806)	(1,025,095)
Transfers	(278,142)		(278,142)	0		0	(278,142)	(16,701)	0	(294,843)
Carrying amount at 30 June 2018	2,201,189	808,000	3,009,189	1,130,025	7,027,216	8,157,241	11,166,430	320,288	2,927,206	14,413,924
Comprises:										
Gross carrying amount at 30 June 2018	2,201,189	808,000	3,009,189	1,159,000	7,365,729	8,524,729	11,533,918	416,886	3,931,617	15,882,421
Accumulated depreciation at 30 June 2018	0	0	0	(28,975)	(338,513)	(367,488)	(367,488)	(96,598)	(1,004,411)	(1,468,497)
Carrying amount at 30 June 2018	2,201,189	808,000	3,009,189	1,130,025	7,027,216	8,157,241	11,166,430	320,288	2,927,206	14,413,924
Additions	0	0	0	65,085	255,334	320,419	320,419	37,402	336,994	694,815
(Disposals)	0	0	0	0	(10,226)	(10,226)	(10,226)	(25,598)	(49,448)	(85,272)
Depreciation (expense)	0	0	0	(28,975)	(346,661)	(375,636)	(375,636)	(49,455)	(607,129)	(1,032,220)
Carrying amount at 30 June 2019	2,201,189	808,000	3,009,189	1,166,135	6,925,663	8,091,798	11,100,987	282,637	2,607,623	13,991,247
Comprises:										
Gross carrying amount at 30 June 2019	2,201,189	808,000	3,009,189	1,224,085	7,590,413	8,814,498	11,823,687	408,886	4,116,311	16,348,884
Accumulated depreciation at 30 June 2019	0	0	0	(57,950)	(664,750)	(722,700)	(722,700)	(126,249)	(1,508,688)	(2,357,637)
Carrying amount at 30 June 2019	2,201,189	808,000	3,009,189	1,166,135	6,925,663	8,091,798	11,100,987	282,637	2,607,623	13,991,247

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

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

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

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

10 INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Drainage	Infrastructure - Others	Total Infrastructure
	\$	\$	\$	\$
Balance at 1 July 2017	21,329,454	5,197,811	1,232,005	27,759,270
Additions	348,270	0	1,298	349,568
Revaluation increments / (decrements) transferred to revaluation surplus	3,046,664	413,533	0	3,460,197
Revaluation (loss) / reversals transferred to profit or loss	0	0	344,589	344,589
Depreciation (expense)	(991,582)	(148,444)	(86,993)	(1,227,019)
Transfers	0	0	16,701	16,701
Carrying amount at 30 June 2018	23,732,806	5,462,900	1,507,600	30,703,306
Comprises:				
Gross carrying amount at 30 June 2018	30,735,034	5,462,900	1,507,600	37,705,534
Accumulated depreciation at 30 June 2018	(7,002,228)	0	0	(7,002,228)
Carrying amount at 30 June 2018	23,732,806	5,462,900	1,507,600	30,703,306
Additions	757,449	0	32,941	790,390
(Disposals)	0	0	(10,363)	(10,363)
Revaluation increments / (decrements) transferred to revaluation surplus	(138,054)	0	0	(138,054)
Depreciation (expense)	(991,582)	(147,858)	(94,336)	(1,233,776)
Carrying amount at 30 June 2019	23,360,619	5,315,042	1,435,842	30,111,503
Comprises:				
Gross carrying amount at 30 June 2019	30,735,034	5,462,900	1,527,841	37,725,775
Accumulated depreciation at 30 June 2019	(7,374,415)	(147,858)	(91,999)	(7,614,272)
Carrying amount at 30 June 2019	23,360,619	5,315,042	1,435,842	30,111,503

10 INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2019	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Others	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

11 PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

Revaluation

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control

In accordance with *Local Government (Financial Management) Regulation 16(a)(ii)*, the Shire was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Land under roads

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

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

In respect of land under roads acquired on or after 1 July 2008, as detailed above, *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, *Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

11 PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	2019 Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings - non-specialised	10,226	0	0	(10,226)	0	0	0	0	0	0	0	0
Furniture and equipment	25,598	0	0	(25,598)	0	0	0	0	3,659	250	0	(3,409)
Plant and equipment	49,448	36,084	0	(13,364)	0	0	0	0	1,249	3,000	1,751	0
Infrastructure - Others	10,363	0	0	(10,363)	0	0	0	0	0	0	0	0
	95,635	36,084	0	(59,551)	0	0	0	0	4,908	3,250	1,751	(3,409)

The following assets were disposed of during the year.

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Governance	4,573	0	0	(4,573)
Community amenities	1,527	0	0	(1,527)
Recreation and culture	10,441	1,005	0	(9,436)
Transport	48,098	35,079	0	(13,019)
Assets expensed due to change in accounting policy (note 33)	30,996	0	0	(30,996)
	95,635	36,084	0	(59,551)

(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 below.

	2019 \$	2018 \$
Furniture and equipment	9,400	10,700
Plant and equipment	12,900	0
Infrastructure - Others	0	22,281
	22,300	32,981

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

11 PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(c) Depreciation

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Buildings - non-specialised	28,975	55,000	28,975
Buildings - specialised	346,661	320,000	338,513
Furniture and equipment	49,455	60,000	53,801
Plant and equipment	607,129	600,000	603,806
Infrastructure - Roads	991,582	923,300	991,582
Infrastructure - Drainage	147,858	150,000	148,444
Infrastructure - Others	94,336	85,000	86,993
	2,265,996	2,193,300	2,252,114

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

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

Depreciation (Continued)

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

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

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

12 REVALUATION SURPLUS

	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	Total Movement on Revaluation	2018 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Buildings - non-specialised	6,534,174	0	0	0	6,534,174	6,534,174	0	0	0	6,534,174
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	18,554,376	0	(138,054)	0	18,416,322	15,507,712	3,046,664	0	3,046,664	18,554,376
Revaluation surplus - Infrastructure - Drainage	5,770,452	0	0	0	5,770,452	5,356,919	413,533	0	413,533	5,770,452
	31,556,187	0	(138,054)	0	31,418,133	28,095,990	3,460,197	0	3,460,197	31,556,187

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

13 TRADE AND OTHER PAYABLES

Current

Sundry creditors
Bonds and deposits held
Accrued salaries and wages
Sick leave bonus
Accrued Liabilities

	2019	2018
	\$	\$
	274,279	169,883
	34,044	0
	0	203,139
	87,272	85,778
	75,714	28,757
	471,309	487,557

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Trade and other payables (Continued)

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

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

14 INFORMATION ON BORROWINGS

(a) Long Term Borrowings

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

(b) Bank overdraft at balance date

	2019	2018
	\$	\$
Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	500,000	500,000
Bank overdraft at balance date	0	0
Credit card limit	40,000	40,000
Credit card balance at balance date	(20,201)	(18,430)
Total amount of credit unused	519,799	521,570
Unused loan facilities at balance date	N/A	N/A

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

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

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

15 EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2018			
Current provisions	821,465	986,929	1,808,394
Non-current provisions	0	90,983	90,983
	821,465	1,077,912	1,899,377
Additional provision	0	3,261	3,261
Amounts used	(110,921)	0	(110,921)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	18,281	18,281
Balance at 30 June 2019	710,544	1,099,454	1,809,998
Comprises			
Current	710,544	1,026,749	1,737,293
Non-current	0	72,705	72,705
	710,544	1,099,454	1,809,998

	2019 \$	2018 \$
Amounts are expected to be settled on the following basis:		
Less than 12 months after the reporting date	323,109	354,231
More than 12 months from reporting date	1,486,889	1,545,146
	1,809,998	1,899,377

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

Provision is made for the Shire's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

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

Other long-term employee benefits

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

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.

16 NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	2,181,252	4,865,291	546,084

Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	(458,046)	(1,930,913)	(4,086,621)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets	(1,610)	0	(2,958)
Depreciation	2,265,996	2,193,300	2,252,114
(Profit)/loss on sale of asset	59,551	0	1,658
Reversal of loss on revaluation of fixed assets	0	0	(344,589)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	66,552	90,000	4,148
(Increase)/decrease in other assets	(11,064)	0	0
(Increase)/decrease in inventories	30,553	50,000	134,084
Increase/(decrease) in payables	(16,248)	(60,000)	36,026
Increase/(decrease) in provisions	(89,379)	230,765	174,254
Grants contributions for the development of assets	(544,303)	(98,000)	(505,849)
Net cash from operating activities	1,302,002	475,152	(2,337,733)

17 TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	115,300	157,765
Law, order, public safety	17,053	36,469
Health	8,853	15,103
Education and welfare	22,088	31,736
Housing	2,146,135	2,110,025
Community amenities	1,051,403	1,169,069
Recreation and culture	7,179,457	7,449,684
Transport	33,098,013	33,882,903
Economic services	424,422	217,405
Other property and services	40,026	47,070
Unallocated	6,319,072	6,006,320
	50,421,822	51,123,549

19 CONTINGENT LIABILITIES

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

20 CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

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

(b) Operating Lease Commitments

The Shire did not have any operating lease commitments as at reporting date.

20 RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Councillors allowance	61,682	61,682	75,455
President's allowance	25,352	25,353	31,013
Deputy President's allowance	113,435	113,435	138,763
	200,469	200,470	245,231

Key Management Personnel (KMP) Compensation Disclosure

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

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	669,774	730,526
Post-employment benefits	91,980	92,625
Other long-term benefits	14,344	14,221
Termination benefits	25,727	203,502
	801,825	1,040,874

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

20 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:	2019 Actual \$	2018 Actual \$
Sale of goods and services	65,000	52,000
Purchase of goods and services	0	0
Short term employee benefits -other related parties	0	0
Amounts outstanding from related parties:		
Trade and other receivables	0	0
Loans to associated entities	0	0
Loans to key management personnel	0	0
Amounts payable to related parties:		
Trade and other payables	0	0
Loans from associated entities	0	0

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

iii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

21 MAJOR LAND TRANSACTIONS

Light Industrial Area (Lot 555)

(a) Details

Council purchased Lot 555 located at Quarry Road from Commonwealth in 2006 for \$100,000 as one land lot entity. Total development costs of \$957,295 had been incurred as at 30 June 2019. Additional costs are to be incurred in developing the 12 lots in 3 stages of subdivision and providing services such as sewerage, power and roads.

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

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

(b) Current year transactions

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Capital income			
- Sale proceeds	0	600,000	0
Capital expenditure			
- Development costs	(502)	0	(19,331)
	(502)	600,000	(19,331)

(c) Expected future cash flows

	2019/20 \$	2020/21 \$	2021/22 \$	2022/23 \$	Total \$
Cash outflows					
- Development costs	0	0	0	0	0
	0	0	0	0	0
Cash inflows					
- Sale proceeds	0	600,000	0	0	600,000
	0	600,000	0	0	600,000
Net cash flows	0	600,000	0	0	600,000

22 TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2018/19 financial year.

23 CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/17 \$	Received ⁽²⁾ 2017/18 \$	Expended ⁽³⁾ 2017/18 \$	Closing Balance ⁽¹⁾ 30/06/18 \$	Received ⁽²⁾ 2018/19 \$	Expended ⁽³⁾ 2018/19 \$	Closing Balance 30/06/19 \$
Recreation and culture							
Stronger Community Program Fund	0	0	0	0	15,000	(15,000)	0
Transport							
Central Road Authority	0	600,000	(600,000)	0	400,000	(400,000)	0
Roads to Recovery	0	231,608	(145,290)	142,579	129,303	(271,882)	0
Total	0	831,608	(745,290)	142,579	544,303	(686,882)	0

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

24 RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2018/19 Actual Rateable Value \$	2018/19 Actual Rate Revenue \$	2018/19 Actual Interim Rates \$	2018/19 Actual Total Revenue \$	2018/19 Budget Rate Revenue \$	2018/19 Budget Total Revenue \$	2017/18 Actual Total Revenue \$
Differential general rate / general rate									
Gross rental valuations									
GRV - Residential	9.4112	454	8,779,676	826,249	0	826,249	826,273	826,273	806,124
GRV - Commercial	9.4112	78	1,946,092	183,151	0	183,151	184,351	184,351	178,684
GRV - DIAC	0	21	1,211,820	0	0	0	0	0	0
GRV - Unallocated	9.4112	4	50,000	4,706	0	4,706	4,706	4,706	4,591
GRV - Rural	9.4112	2	33,500	3,153	0	3,153	3,153	3,153	3,076
GRV - Industrial	9.4112	11	215,660	20,295	0	20,295	19,096	19,096	17,758
GRV - Exempt	0	150	0	0	0	0	0	0	0
Unimproved valuations									
UV - Industrial	20.6269	1	970,000	200,081	0	200,081	200,081	200,081	246,517
UV - Mining	20.6269	3	527,385	108,783	0	108,783	108,593	108,593	105,944
Sub-Total		724	13,734,133	1,346,418	0	1,346,418	1,346,253	1,346,253	1,362,694
Minimum payment	Minimum \$								
Gross rental valuations									
GRV - Residential	568	5	15,825	2,840	0	2,840	2,840	2,840	2,775
GRV - Commercial	568	17	59,425	9,656	0	9,656	9,656	9,656	9,435
GRV - DIAC	568	0	0	0	0	0	0	0	0
GRV - Unallocated	568	37	106,780	21,016	0	21,016	21,016	21,016	20,535
GRV - Rural	568	0	0	0	0	0	0	0	0
GRV - Industrial	568	6	19,240	3,408	0	3,408	3,408	3,408	3,330
GRV-Mining Tenement	568	1	0	568	0	568	568	568	555
Unimproved valuations									
UV - Industrial	343	0	0	0	0	0	343	343	0
UV - Mining	343	1	0	343	0	343	343	343	335
Sub-Total		67	201,270	37,831	0	37,831	38,174	38,174	36,965
		791	13,935,403	1,384,249	0	1,384,249	1,384,427	1,384,427	1,399,659
Discounts/concessions - 24(d)						(58,237)	(50,000)	(50,000)	(85,280)
Total amount raised from general rate						1,326,012	1,334,427	1,334,427	1,314,379
Write off/penalties/admin/excess rates						1,384	0	0	2,523
Totals						1,327,396	1,334,427	1,334,427	1,316,902

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

24 RATING INFORMATION (Continued)

(b) Specified Area Rate

The Shire did not raise specified area rates in 2018/19 and does not intend to do so at 30 June 2020.

(c) Service Charges

The Shire did not raise service charges in 2018/19 and does not intend to do so at 30 June 2020.

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

Rates Discounts

Rate or Fee Discount Granted	Discount	Discount	2019 Actual	2019 Budget	2018 Actual	Circumstances in which Discount is Granted
	%	\$	\$	\$	\$	
Rates	5.00%		58,237	50,000	85,280	Rates paid within 35 days of the date of issue noted on the rate notice.
			58,237	50,000	85,280	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount	Discount	2019 Actual	2019 Budget	2018 Actual
		%	\$	\$	\$	\$
Rates	General	5.00%		102	1,000	31
				102	1,000	31

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

24 RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	11 Sep 2018	0.00	0.00%	10.00%
Option Two				
1st Instalment	11 Sep 2018	0.00	0.00%	10.00%
2nd Instalment	12 Nov 2018	14.00	0.00%	10.00%
3rd Instalment	11 Jan 2019	14.00	0.00%	10.00%
4th Instalment	11 Mar 2019	14.00	0.00%	10.00%

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Interest on unpaid rates	6,897	5,000	7,497
Charges on instalment plan	2,436	2,000	1,794
	9,333	7,000	9,291

25 RATE SETTING STATEMENT INFORMATION

		2018/19 2018/19 (30 June 2019	2018/19 Budget (30 June 2019	2018/19 (1 July 2018
	Note	Carried Forward) \$	Carried Forward) \$	Brought Forward) \$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	10	0	0	(1,751)
Less: Reversal of prior year loss on revaluation of fixed assets		0	0	(344,589)
Less: Fair value adjustments to financial assets at amortised cost		1,610	0	2,958
Movement in employee benefit provisions		15,083	310,764	67,439
Add: Loss on disposal of assets	10	59,551	0	3,409
Add: Depreciation on assets	10	2,265,996	2,193,300	2,252,114
Non cash amounts excluded from operating activities		2,342,240	2,504,064	1,979,580
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserves - restricted cash	4	(5,031,022)	(4,693,979)	(4,919,595)
Less: Land held for resale - cost		0	0	(278,142)
Add: Component of leave liability not required to be funded		1,549,749	1,908,618	1,514,276
Total adjustments to net current assets		(3,481,273)	(2,785,361)	(3,683,461)
Net current assets used in the Rate Setting Statement				
Total current assets		6,040,428	5,243,748	6,006,319
Less: Total current liabilities		(2,208,602)	(2,458,387)	(2,295,951)
Less: Total adjustments to net current assets		(3,481,273)	(2,785,361)	(3,683,461)
Net current assets used in the Rate Setting Statement		350,553	0	26,907

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

26 FINANCIAL RISK MANAGEMENT

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

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

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.

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2019					
Cash and cash equivalents	1.25%	2,181,252	0	2,145,032	36,220
Financial assets at amortised cost - Term deposits	2.51%	3,529,149	3,529,149	0	0
2018					
Cash and cash equivalents	1.40%	546,084	0	538,165	7,919
Financial assets at amortised cost - Term deposits	2.35%	4,767,635	4,767,635	0	0

Sensitivity

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

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	57,104	53,137

* Holding all other variables constant

26 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade Receivables

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

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council quarterly.

The Shire applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	36,343	11,986	5,719	501	54,549
Loss allowance	0	0	0	0	0
01 July 2018					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	27,012	6,220	3,501	5,550	42,283
Loss allowance	0	0	0	0	0

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry Receivables					
Expected credit loss	2.00%	5.00%	8.00%	10.00%	
Gross carrying amount	44,427	3,290	5,448	80,006	133,170
Loss allowance	889	165	436	66,133*	67,623
01 July 2018					
Sundry Receivables					
Expected credit loss	2.00%	5.00%	8.00%	10.00%	
Gross carrying amount	109,872	208	35,023	83,885	228,988
Loss allowance	21,974	10	2,802	59,837*	84,623

* Includes specific provision relating to a debtor.

26 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables

Payables are subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

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
	\$	\$	\$	\$	\$
2019					
Payables	471,309	0	0	471,309	471,309
	471,309	0	0	471,309	471,309
2018					
Payables	487,557	0	0	487,557	487,557
	487,557	0	0	487,557	487,557

27 TRUST FUNDS

In previous years, bonds and deposits were held as trust monies. They are now included in Restricted cash at Note 3 and shown as a current liability at Note 13.

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

	1 July 2018	Amounts Received	Amounts Paid	Reclassification to Restricted Cash	30 June 2019
	\$	\$	\$		\$
Liswa Library Book/Other	8	89	0	(97)	0
Bond -5 Jalan Ketam Merah/28 Seaview Drive	2,000	0	0	(2,000)	0
Excavation Permit	8,883	18,527	(18,819)	(8,591)	0
Phosphate Hill Open Space (POS)	61,667	1,399	0	0	63,066
Taman Sweetland Reserve (POS)	53,340	1,203	0	0	54,543
Miscellaneous	29,612	515	(6,771)	(23,356)	0
	155,510	21,733	(25,590)	(34,044)	117,609

28 INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

AASB 9 Financial instruments

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

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies. There were no adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

The effect of adopting AASB 9 as at 1 July 2018 was, as follows:

	Adjustments	01 July 2018
		\$
Assets		
Trade receivables	(a),(b)	0
Total Assets		0
Total adjustments on Equity		
Accumulated surplus/(deficit)	(a),(b)	0
		0

The nature of these adjustments are described below:

(a) Classification and measurement

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

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

28 INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

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

- Trade receivables classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.
- The Shire did not designate any financial assets at fair value through profit and loss.

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

AASB 139 category	AASB 139 value	AASB 9 category amortised cost	Fair value through OCI	Fair value through P/L
	\$	\$	\$	\$
Loans and receivables				
Trade Receivables	186,648	186,648	0	0
Financial assets at fair value through profit and loss	18,129	0	0	18,129
	<u>204,777</u>	<u>186,648</u>	<u>0</u>	<u>18,129</u>

(b) Impairment

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

Set out below is the reconciliation of the ending impairment allowances in accordance with AASB 139 to the opening loss allowances determined, in accordance with AASB 9:

	Impairment under AASB 139 as at 30 June 2018	Remeasurement	ECL under AASB 9 as at 01 July 2018
	\$	\$	\$
Loans and receivables under AASB 139 / Financial assets at amortised cost under AASB 9	<u>84,623</u>	<u>0</u>	<u>84,623</u>
	84,623	0	84,623

29 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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

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

(a) Revenue from Contracts with Customers

The Shire will adopt AASB 15 *Revenue from Contracts with Customers* (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire will adopt the new rules prospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. As per management's assessment no adjustments are expected to be made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019).

(b) Leases

The Shire adopted AASB 16 prospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases prospectively, with the cumulative effect of initially applying AASB 16 recognised on 1 July 2019. As the Shire does not have any operating leases, no adjustments are expected to be made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019).

(c) Income For Not-For-Profit Entities

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

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

Trade and other payables		471,309	2,602	473,911
Adjustment to retained surplus from adoption of AASB 1058	12		(2,602)	

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

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

(d) Impact of changes to Retained Surplus

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

	Note	Adjustments	2019
			\$
Retained surplus - 30 June 2019		0	11,691,360
Adjustment to retained surplus from adoption of AASB 15		0	0
Adjustment to retained surplus from adoption of AASB 16		0	0
Adjustment to retained surplus from adoption of AASB 1058	12	(2,602)	(2,602)
Retained surplus - 01 July 2019			11,688,758

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

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

31 ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES

GOVERNANCE

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

ACTIVITIES

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

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

Rate revenue, Government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

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

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

HEALTH

To provide facilities on Christmas Island for good community health.

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

EDUCATION AND WELFARE

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

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

HOUSING

To provide reasonable accommodation for staff employ from mainland.

Provision and Maintenance of staff housing.

COMMUNITY AMENITIES

To provide services required by the community.

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

RECREATION AND CULTURE

To provide facilities for recreational, cultural and sporting purposes.

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

TRANSPORT

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

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

ECONOMIC SERVICES

To provide services to the community.

Property leases.

OTHER PROPERTY AND SERVICES

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

Private works operation, plant repair and costs.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

32 FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	1.56	1.21	5.02
Asset consumption ratio	0.68	0.70	0.81
Asset renewal funding ratio	1.05	1.18	1.03
Asset sustainability ratio	0.54	0.33	0.78
Debt service cover ratio	0.00	0.00	0.00
Operating surplus ratio	(0.33)	(1.50)	0.17
Own source revenue coverage ratio	0.30	0.28	0.35

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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

33 IMPACT OF CHANGE IN ACCOUNTING POLICY

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

The Shire did not comply with this regulation at the 30 June 2018 and included assets with a fair value of under \$5,000 at the time of acquisition within the assets of the Shire.

During the year assets with a fair value at the date of acquisition of under \$5,000 and purchased prior to 30 June 2018 have been excluded from the assets of the Shire along with those assets acquired during the year ended 30 June 2019 with a fair value of under \$5,000 which were capitalised in error.

As the overall impact was immaterial, an adjustment to prior period balances was not required. See below for further details.

Asset Class	Carrying Amount - 1 July 2018	Depreciation Expense	Carrying Amount - 30 June 2019
Plant and Equipment	38,297	(7,301)	30,996



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Christmas Island

Report on the Audit of the Financial Report

Opinion

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

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

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

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
 - a. The Asset Sustainability Ratio has been below the Department of Local Government, Sport and Cultural Industries' standard for the past 3 years.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The annual financial report of the Shire for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2017 and 2018 in Note 32 of the audited annual financial report were included in the audited annual financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

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



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
30 October 2019