



SHIRE OF CHRISTMAS ISLAND



ANNUAL REPORT

2017

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ELECTED MEMBERS

2017



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 2017 |
| FOO Kee Heng | Deputy President | Retiring 2017 |
| Hafiz MASLI | Councillor | Retiring 2017 |
| Vincent SAW | Councillor | Retiring 2017 |
| Philip WOO | Councillor | Retiring 2017 |
| Nora KOH | Councillor | Retiring 2019 |
| Rosnah PAL | Councillor | Retiring 2019 |
| Kelvin LEE | Councillor | Retiring 2019 |
| Azmi YON | Councillor | Retiring 2019 |



PRESIDENT'S REPORT – 2016/17

On behalf of the Council of the Shire of Christmas Island, I present the Shire of Christmas Island Annual Report 2016/2017.

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

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

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

For the past five years the Shire has provided practical support to the MINTOPE (Mining to Plant Enterprises) Project. The MINTOPE project was formed on the initiative of CIP and Murdoch University and funded by CIP and the Department of Infrastructure and Regional Development. World renowned plant scientists, farmers and academics have been brought together to research best options for agricultural industry for Christmas Island. They have planted trial crops of plants and trees. They have produced some stunningly good results so far which bode well for our future agriculturalists.

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.

Councillors have been heavily engaged in advocacy with the Commonwealth, particularly Ministers, about the economic future of the Island: including our most recent meeting here on Christmas Island with former Minister Senator the Honourable Fiona Nash, Minister for Regional Development, Local Government and Territories and Regional Communications. 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.

Our meeting with Minister Nash in November dealt with several matters raised by the Council including:

- Navigation Aids for Christmas Island Airport to permit all weather landing capacity
- Indian Ocean Territory Community Development Grants
- Crown Land Disposal Ordinance – to regulate unsolicited development proposals

- Hospital Board for Indian Ocean Territories Health Service
- Commonwealth Grants Commission
- Immigration Detention Centre
- Water Mapping
- An Agreed Indian Ocean Territories Master Plan
- Christmas Island Casino license
- Public Housing – Right to Buy
- Aged Care Provision
- Breast Screen Mammogram Machine

We continue to provide progress reports to our community about submissions to the Minister and the Department. We expect the Breast Screen Mammogram Machine to be delivered and operational before the end of this calendar year.

Our submissions to the Joint Standing Committee on the National Capital and External Territories (JSCNCET) in 2015, which emphasized the mapping of our water resource and the release of Commonwealth land as essential elements of the project of development of economic infrastructure, have yielded mixed results. The Department of Infrastructure and Regional Development engaged Geo-Science Australia to complete the scoping study for mapping of our water resource. But the Department has not yielded to the argument that a Crown Land Disposal Ordinance is required if we are to see investors bring their tourism hotel projects to life on the Island.

This past year the Shire hosted another meeting between the Consul –General of the People's Republic of China and the Shire Council. Our presentations were well received with the visitors encouraged that investors in tourism development will be welcomed by our community. But the key instruments of development are controlled by the Commonwealth. We have strongly urged the Minister to give further consideration to our proposal for the Government to promulgate a Crown Land Disposal Ordinance.

The Cemeteries Management Plan and the Waste Management Plan have all been actioned with all planned work under the Cemeteries Management Plan completed. The Waste Management Plan provides for a recycling regime to serve our long term objectives. Unfortunately the key recycling infrastructure has not been completed due to lack of funds.

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

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

Gordon Thomson
President Shire of Christmas Island



CHIEF EXECUTIVE OFFICER'S REPORT

Ratepayers and residents of the Shire of Christmas Island. It is with pleasure that in my capacity as the Chief Executive Officer, I present this report for 16/17.

The 16/17 year was a challenging one in many ways for both the Shire and the Christmas Island community.

We witnessed unseasonal rainfall throughout the year with record falls in September that resulted in land slip into cove area, and erosion to CIP's conveyor footings at Murray Road that necessitated the closure of that road section. At the time of writing this report we are still waiting on additional engineering reports from CIP and the Administration to determine the best way forward on this issue.

The excessive rainfall also put increasing demands on our Parks and Gardens and Road crews. Our Parks and Gardens section has had to deal with nonstop vegetation growth over the 16/17 year and our Road Crew with interruption to our normal road maintenance scheduling.

The 16/17 year also saw changes to the Commonwealth Road Authority (CRA) funding process, with those funds being allocated over a month by month basis. While the Shire does not oppose that approach it has the potential to focus the CRA funding on short term outcomes rather than long term planning. This is an issue both the Shire and the Administration are looking to overcome in 17/18 and ongoing years.

During 16/17 Minister Nash visited Christmas Island twice, and the Shire was encouraged by her openness and genuine understanding of the difficulties remote communities face. We look forward to continuing 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 16/17 which was adopted at the Ordinary Meeting held 26th July 2016.

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 or its consultants where necessary for more complex planning matters provides an information and assessment role 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 2016/2017 report showed no major concerns. Further information can be found under the Government and Policy section of the Council operations of the Annual Report.

Community and Recreation Services

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

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

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

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

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

Works & Services

The Civil Works, Special Projects and Parks and Gardens crews have continued during 16/17 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 63.57 % of revenue for the year 2016/17. The early receipt of payment of half of the allocation of 2017/18 Financial Assistance Grant in June 2017 increased cash at bank in 2017 by \$2,039,404:

| Grants | 2016/17 | 2015/16 |
|---------------------------------------|-----------|-----------|
| | \$ | \$ |
| WA Local Government Grants Commission | 6,118,211 | 4,084,455 |
| Commonwealth (Special Grants) | 3,064 | 192,256 |
| Central Road Authority Grants | 600,000 | 660,000 |
| Roads to Recovery | 301,305 | 404,064 |
| | ----- | ----- |
| Total | 7,022,580 | 5,340,775 |
| | ===== | ===== |

Rates revenue represented 11.29% of Council's total revenue. Garbage charges and other revenues accounted for 25.14%.

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 roads, infrastructure drainage and other (Phase 3) in accordance with Local Government (Financial Management) Regulations 1996.

At 30 June 2017 grand total balance was \$42,113,040.

Budget

Council adopted the Annual Budget for the year ended 30 June 2017 at an Ordinary Meeting of Council held on 26 July 2016.

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 2017 grand total outstanding balance was \$126,321.

Debtors

At 30 June 2017 grand total outstanding balance was \$162,967.

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 \$6,259,855.

Rates

The general rate on residential property based on its Gross Rental Value had been set at 8.9578 cents in the dollar and unimproved property at 19.6330 cents in the dollar of unimproved value.

There were 640 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 | 88 |
| • Industrial - GRV | 15 |
| • Industrial – UV | 2 |
| • Mining tenement-GRV | 1 |
| • Mining tenement-UV | 4 |
| • Rural | 2 |
| • Private club | 5 |
| | ----- |
| Total | 640 |
| | === |

At 30 June 2017 grand total outstanding balance was \$76,131.

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

2016/17 Achievements

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

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

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

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



Civil Works

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

Seated L to R – Shahran 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.



Parks and Gardens

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

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



Plant Operations

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

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

Motor Vehicle Inspections

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

Management and Operations Support

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



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



Stores Officer Anwar Afan

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

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

PLANNING/BUILDING & HEALTH



**Section Manager
Colin Wheadon**



**Shire Ranger
Sho Yit Meng**



**Maintenance
Othman Dardak**



**Health/Waste
Ron De Cruz**



**Landfill
Alex Goh**



**Driver
Koh Tiang Kok**



**Driver
Rashid Saptu**

**Gatekeeper
Bahari Yussof**

**Cleaner
Madam Eng**

**Plant Operator
Sujangi Buang**

SECTION ACTIVITIES

During the 2017- 2017 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 MPB&H provides the planning approval function via the Council as there is no delegated authority regards planning matters.

Planning consultants are utilised to assist with the more complex planning matters.

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

Building Approvals

Council MPB&H 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



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

The Community Services Section

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

Local Government Elections

The Community Services Section assisted with the coordination of the local government elections for the Shire of Christmas Island. An Ordinary Election will be held on 21 October 2017. Preparatory works for the 21 October 2017 Ordinary Elections is well underway at the time this report was prepared.

Community Information & Consultation and the Community Consultative Committee

The Commonwealth Funding to the Shire of Christmas Island for Provision of Community Information and Consultation Services (formerly Law Reform Services) on Christmas Island since the introduction of New Legal Regime to Christmas Island in July 1992 was withdrawn by the Commonwealth from 1 July 2013. The Community Consultative Committee (CCC), a management committee of the Shire established in 1992 as part of the Law Reform Process, is the primary forum for community consultation regarding the impact of WA laws and Service Delivery Arrangements (SDAs) services that affect the wider community. The CCC continues to serve as a management committee of the Shire in coordinating community information and referral services relating to

new legislation and Services Delivery Arrangements (SDAs).

Community Welfare Fund

The Community Welfare Fund (formerly the Retired Employees, Widows and Orphans Fund) was re-established in 2001 to provide financial support and services to people in need. Cr Azmi Yon and Cr Nora Koh represent the Council on the Community Welfare Management Committee along with the Manager Community Services. At 30 June 2017, the Community Welfare Fund provided a total of \$33,396.00 in financial support to 33 applicants since 2001.

Interpretation and Translation Services

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

Seniors Week 2016

The 18th Anniversary of Seniors Week in July 2016 was another success. Cash contributions and in-kind support from community organisations, businesses and individuals facilitated a full week program of events for senior residents including visitors over the age of 65. Preparatory work for the 19th Anniversary of Seniors Week to be held in mid July 2017 commenced from April in 2017. Sponsorship of cash contributions and in-kind support from individuals and various organisations at the time this report was prepared is well underway. The overall support from our community towards this annual event has continued to improve each year since 1999. Thanks to all the generous sponsors!

Seniors Activities and Programs

The Shire continues to support the senior's fitness program – "*Stay on Your Feet*", a collaborative effort between the Shire of Christmas Island and the Christmas Island Hospital and Line Dancing Session for seniors jointly organised with the Christmas Island Dance Troupe. The weekly *Stay on Your Feet* program is popular with over 20 regular senior members of our community attending. This section is looking into other activities in the near future.

Senior Citizens Centre and Building Fund

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

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

Senior Citizens Centre Advisory Committee

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

Library

The Community Services Section continues to improve our service to library users. Under the current Service Delivery Arrangement with the Commonwealth, the State Library of Western Australia continued to provide a large range of reading materials on loan to the Shire. The Shire also funds the purchase of books, magazines and newspapers. Library users have access to free use of computers in the library with an Internet service fee being applicable. The Library has entered into a partnership agreement with the State Library of WA for the Better Beginnings program which commenced from July 2009.

Community Newsletter – *The Islander*

The Community Services Section continues to publish and distribute the fortnightly non-profit local community newsletter *The Islander*. Local programs

and activities formed an integral part of this publication. Relevant general and regional news items were also included when appropriate.

Community Facilities

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

School Holiday and Youth Activities

The Community Services Section continued to provide a School Holiday Program during 2016/2017. Activities funded by the Shire included water slides, children games, crafts and movies that were well attended by children during school holiday period.

Community Events - Australia Day, Harmony Day and ANZAC Day

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

Immigration Information and Citizenship

The Community Services Section continued to assist residents of Christmas Island regarding Australian Resident visas, visitor sponsorship and visa extension applications. The Section also assisted residents in the application and preparation of Australian Citizenship Ceremonies on behalf of the Commonwealth of Australia. These are arranged throughout the year as needed.

HUMAN RESOURCES

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

In 16/17 there were 4 employees with a salary over \$100k.

The Shire has continued to commit investment in employee's training and skills development to improve efficiency and performance of the Council. During the 2015/16 financial year, approximately 50% of the Shire's workforce attended various training courses ranging from skills development, vocational education, formal education, work experience to conferences to improve their skills, knowledge and abilities required to perform their work efficiently and effectively.

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

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

GOVERNANCE, RESEARCH, POLICY AND GRANTS



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

2016/2017 is the third year in which Council has employed a full time Governance, Research, Policy and Grants Officer to assist Council in compliance with legislation and delivery of goals in the Community Strategic Plan 'CI 2021.' The position reports to the CEO and involves either representative or secretarial commitments in the Transport, Land and Communications Committee, Community Consultative Committee, Immigration Community Reference Group, Joint Consultative Committee, CI 2021 Planning Forum, MINTOPE Reference Group, Indian Ocean Group Training Association and the Commonwealth Roads Authority.

Governance and Policy

Shire's commitment to good governance has consistently been demonstrated by positive auditor reports from our third party auditors Moore Stephens WA. The 2016/2017 report showed no major concerns. SOCI participated in a WALGA Governance Audit in March 2017 which reviewed internal financial control documents, community strategic plans, the policy manual and other internal documents. No major concerns reported from the audit team, with Council being requested to update their DAI plans in the next year.

Research

The Shire has had the need for Research unusually into two separate Joint Standing Committee submissions in the 2017/2018 year. The JSCNCET on Strategic Importance of the IOTs and the JSCNA on Northern Australia Tourism. Council has very long term views centering on economic sustainability and social development in both of the committee's visits.

Grants

SOCI has completed several large grant applications in the last year under the Department of Infrastructure's Building Better Regions Fund – Community stream for \$450,000 for a skate park development and \$99,000 for a public arts beautification program.

SOCI also recognised the potential to address some gaps in social development and along with the Islamic Council of Christmas Island developed two grant applications to the Department of Social Services' Community Resilience Program for multi-year grant proposals.

At time of print, the two Departments have not announced successful applicants.

The Grants Officer is also pursuing with the Manager of Recreation Services a special one-off grant to help Christmas Island commemorate the 60th Anniversary year in 2018.

RECREATION SERVICES AND TRAINING



Oliver Lines (Manager Recreation Services/Training Officer)

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, and implementing the recommendations made in the Christmas Island Sports and Recreation Strategic Plan 2013 – 2018 (updated 2018 - 21).

- Skate Park Development
- Reinvigoration of Poon Saan Basketball Courts
- CI Trails /Mountain Bike Trails Strategy

- Ongoing engagement of Coach in Residence Program
- Reinvigoration of Public Parks

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.

Skate Park Development

A final Skate Park concept design was received by CONVIC, and after a Community Feedback process was endorsed by Council.

Following Councils endorsement, funding was sought to construct the Skate Park taking advantage of the *Building Better Regions Investment Stream* program with a submission lodged with both the final concept and business plan, before the advertised deadline of March 31st 2017.

Outcomes of the BBRF program are still pending at this time and will be released by the Department of Infrastructure and Regional Development in the coming weeks.

Poon Saan Basketball Courts

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

Trails & Mountain Bike Strategy

Recreation Services have been actively engaged with local Volunteers, Organisations, Parks, Contractors, Administration, Companies and Shire in developing sites such as South Point

Station into a Recreation, Heritage Trails experience.

Work has been done on clearing of the Telegraph Pole Track by Volunteers which will complement the Mountain Bike Strategy Plan being put together by Parks.

A roof contracting company (McMahon) is looking at re-roofing the South Point Gazebos with wooden slats provided by CIP as a community project.

Administration has cleared vegetation at the Station and the Shire is looking at restoring the Gazebo BBQ site and herbiciding the area to rid the site of weeds and brush.

C.I Menshed have shown interest in clearing the John Cummins track which will give access from Drumsite School to the Recreation Centre and Cricket Ground with opportunity to link up Mountain Bike trails.

The Shire has commenced works on upgrading the trail to the Phosphate Hill Cemetary and Incline to George Fam from Silver City.

Recreation Services will look at Heritage Trail signage in step with Parks and CITA for the trails.

Vagabond Road Sports Precinct Development

Two of four permanent light towers have been erected at the Cricket Club procured though the Indian Ocean Territories Community Grant Program in 2015. It is planned to have the remaining two light towers erected by October.

Coach in Residence Program

The Coach in Residence Program is funded by the Department of Sports and Recreation which allows funding for four sports coaches to visit both Cocos and Christmas Island, (financial year) to enhance coaching practises as well as promote and develop specific sports agreed to and requested by the Islands.

2017 saw visits by Soccer, AFL and recently Rugby League coaches whom have also delivered Coaching Clinics to build local skills capacity.

Public Parks

Recreation Services has been given the opportunity through budget funding to upgrade and develop public parks. Three locations have been identified for initial upgrade being Prickle, Drumsite and Poon Saan Parks.

Recreation Services will engage in seeking feedback from residents in areas surrounding the parks.

Inter-Island Games

Originally an initiative between the Shires of Christmas & Cocos Island, the main thrust of the event is now organised by an Inter – Island Games Committee with Shire representation.

The Games first took place on Christmas Island in October 2016 with a reciprocal C.I visit to Cocos in April 2017.

At present comprising of Rugby Touch and League, Soccer and Volleyball, the games offer scope to expand further to possibly include additional sports including traditional such as Sepak Takraw.

The next games will take place on Territory Week Sports Day 01st October 2017.

Christmas Island Marathon

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

In 2017 a new website and facebook page was set up with the event taking place on October 15th changed from Saturday to Sunday to allow potential offshore interest to take advantage of flights.

A new exciting cross country section of the course has been incorporated with further ambition to develop as a community recreation and potential Australian and international attraction.

In 2018 the Christmas Island Marathon will take advantage of the opportunity to promote itself as a signature 60th Anniversary event.

Community Sports

Recreation Services has organised and volunteered running local sports competitions such as soccer advertising for teams and refereeing.

Recreation Services has put effort into attempting to organise a Soccer Association.

Clubs & Associations

In Partnership with Department of Consumer Affairs, Recreation Services aided in contacting Clubs & Associations, organising a workshop bringing awareness to new regulations regarding the Associations Act.

Christmas Island 60th Anniversary

Recreation Services is participating in putting together a 60th Anniversary program. Community feedback have been considered within the planning that will see activities and events take place throughout the 2018 year.

Although in its initial planning phase, activities suggested and investigated is an opening 2018 New Year celebration and Fireworks display, Christmas Island Past and Present photographic gallery display at Tai Jin House, as well as promoting 2018 calendar events with the 60th Anniversary brand such as the Marathon, Hash House Harriers and Golf Club events.

A possible theme along the lines of "*Celebrating our Region*" is being considered with a focus on celebrating, developing, preserving and promoting Indian Ocean Territory traditions and culture.

Ongoing legacy outcomes from the 60th Anniversary could be the formation of an annual Indian Ocean Cultural festival followed by a forum coinciding with the Inter Island games. The forum could identify similar Island Territories issues and opportunities to enhance both cultures, such as youth engagement, possible funding streams, signature calendar events, participation in tourism

initiatives, as well as potential future combined Island Territories Cultural awareness and promotional opportunities in mainland Australia.

Territory Week

Recreation Services still heads the organisation & planning of Territory Week. This includes the weeks opening attractions, Sports Day, and Territory Day (Cove Day) with Raft Regatta, Fishing Comps, Bands etc. Recreation Services work in partnership with the Christmas Island Neighbourhood Centres well as Shire Volunteers without whom Territory Week Festivities would not be possible to hold.

Community Bus Service

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

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

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.

2017 financial year funding has not yet been forthcoming due to requirements that need be met in regards to mechanical / maintenance issues which presently is of a diagnostic nature that cannot be rectified on Island. Resolving the issue, a faulty ABS light, requires a technician to be flown in from Perth.

Community Awareness Activities

Recreation Services is in the process of placing signage at the Cove on waste disposal units. The signs "*Don't Drink & Drown*" are hoped to heighten awareness of the dangers of alcohol consumption & swimming.

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

Future Goals

Future goals are to see:

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

Training Officer Role

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

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

Training courses undertaken in 2017 have included:

- Government Compliance (Ranger)

- Municipal Law (Ranger)
- Certificate 4 Horticulture (Parks)
- Telehandler (PBHS & Civil Works)
- Heavy Rigid (Parks & Gardens & Civil Works)
- Excavator (PBHS)
- Dozer (PBHS)
- Forklift Refresher (Civil Works)
- Grader (Civil Works)
- CPR
- 1st Aid

Workplace Safety

The Training Officer has purchased 2 Heart Defibrillator units which are located at the Depot and George Fam Centre.

This adds to another layer of Shire emergency contingency for Shire Depot and Office workers as well as members of the public that utilises services at the Shire. Shire Depot staff have undertaken training at the Depot for the unit and training for George Fam staff is scheduled in the next month when the trainer becomes available.

The Defibrillators join the available coverage in the community, as well as complimenting Christmas Island Emergency Response capabilities.

Honour Board

Finally the Shire Council Honour Board has been completed and awaits to be mounted in the George Fam Shire Council Chamber / Training Room.

The Training Department will continue to identify training requirements, assist staff reach personal achievement goals and implement and oversee the Shires training policies.

PLAN FOR THE FUTURE - OVERVIEW

Following is a summary of major initiatives proposed in the plan to commence or continue in the 2016/17 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

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

WASTE MANAGEMENT

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

TOWN PLANNING & DEVELOPMENT

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

RECREATION & CULTURE

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

TRANSPORT

- Quarry Road construct & seal.
- Extension to sealed section of Murray Road from crab crossing bridge to past the banana plantation.
- Sealing of unsealed section of North South Baseline Road between the twelve crab crossings from Margaret Knoll Access to just past the Greta/Dolly Beach Access.
- Reseal/Repair Flying Fish Cove parking area.
- EW Baseline Road resheet/drainage humps/signage.
- Car parks, upgrade line marking works, ongoing.
- Smith Point Road construct/two coat seal, lights to fuel depot.

- North West Point Road-construct two coats seal.

PUBLIC HEALTH

- Upgrade pound
- Food surveillance program and promotion of public health policy and programs
- Review Dog/Health Local Laws.

1. COMPETITIVE NEUTRALITY

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

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

2. DISABILITY SERVICE PLAN 2016/17

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 is attempting to resolve 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 2017.

Community Relations and Customers Services:

No complaints received by the Shire of Christmas Island as at 30 June 2017.

SHIRE OF CHRISTMAS ISLAND
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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

**SHIRE OF CHRISTMAS ISLAND
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

**LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2017 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the

30th day of OCTOBER 2017



David Price
Chief Executive Officer

SHIRE OF CHRISTMAS ISLAND
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2017

| | NOTE | 2017 \$ | 2017 Budget \$ | 2016 \$ |
|--|------|-------------------------|---------------------------|-----------------------|
| Revenue | | | | |
| Rates | 23 | 1,247,736 | 1,238,406 | 1,271,172 |
| Operating grants, subsidies and contributions | 30 | 7,236,486 | 5,420,810 | 5,257,435 |
| Fees and charges | 29 | 411,656 | 323,100 | 432,210 |
| Service charges | 26 | 1,100,195 | 831,684 | 1,118,325 |
| Interest earnings | 2(a) | 202,832 | 215,313 | 232,278 |
| Other revenue | 2(a) | <u>569,025</u> | <u>1,284,000</u> | <u>108,761</u> |
| | | 10,767,930 | 9,313,313 | 8,420,181 |
| Expenses | | | | |
| Employee costs | | (6,259,855) | (7,357,679) | (5,739,722) |
| Materials and contracts | | (773,340) | (1,000,000) | (758,917) |
| Utility charges | | (89,070) | (120,000) | (82,163) |
| Depreciation on non-current assets | 2(a) | (1,788,129) | (1,759,300) | (1,796,342) |
| Insurance expenses | | (151,776) | (190,318) | (159,379) |
| Other expenditure | | <u>(1,029,631)</u> | <u>(461,127)</u> | <u>(1,392,791)</u> |
| | | <u>(10,091,801)</u> | <u>(10,888,424)</u> | <u>(9,929,314)</u> |
| | | 676,129 | (1,575,111) | (1,509,133) |
| Non-operating grants, subsidies and contributions | 30 | 301,305 | 231,000 | 584,064 |
| Profit on asset disposal | 21 | 1,757 | 0 | 802 |
| (Loss) on asset disposals | 21 | (81,116) | 0 | (120,161) |
| Fair value adjustments to financial assets at fair value through profit or loss | 4 | <u>2,762</u> | <u>0</u> | <u>(3,605)</u> |
| Net result | | 900,837 | (1,344,111) | (1,048,033) |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes on revaluation of non-current assets | 13 | 5,182,405 | 0 | 1,800,809 |
| Total other comprehensive income | | 5,182,405 | 0 | 1,800,809 |
| Total comprehensive income | | <u>6,083,242</u> | <u>(1,344,111)</u> | <u>752,776</u> |

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 2017

| | NOTE | 2017 \$ | 2017 Budget \$ | 2016 \$ |
|---|------|---------------------|----------------------|--------------------|
| Revenue | 2(a) | | | |
| Governance | | 146,991 | 72,500 | 23,319 |
| General purpose funding | | 8,035,056 | 6,167,829 | 6,037,362 |
| Law, order, public safety | | 2,641 | 1,000 | 2,090 |
| Health | | 23,949 | 17,000 | 15,311 |
| Education and welfare | | 14,755 | 16,200 | 35,171 |
| Housing | | 43,118 | 37,500 | 56,610 |
| Community amenities | | 1,108,048 | 847,684 | 1,142,540 |
| Recreation and culture | | 480,813 | 1,373,600 | 120,724 |
| Transport | | 837,552 | 722,000 | 931,934 |
| Economic services | | 37,983 | 44,000 | 42,356 |
| Other property and services | | 37,024 | 14,000 | 12,764 |
| | | <u>10,767,930</u> | <u>9,313,313</u> | <u>8,420,181</u> |
| Expenses | 2(a) | | | |
| Governance | | (158,388) | (170,158) | (141,079) |
| General purpose funding | | (783,242) | (855,723) | (772,994) |
| Law, order, public safety | | (303,018) | (365,355) | (310,946) |
| Health | | (168,574) | (160,174) | (145,128) |
| Education and welfare | | (583,931) | (593,696) | (541,557) |
| Housing | | (199,684) | (195,014) | (166,951) |
| Community amenities | | (1,578,266) | (2,181,428) | (1,717,891) |
| Recreation and culture | | (1,543,513) | (2,222,967) | (1,734,338) |
| Transport | | (4,208,016) | (3,881,446) | (3,766,714) |
| Economic services | | (63,203) | (62,463) | (49,376) |
| Other property and services | | (501,966) | (200,000) | (582,340) |
| | | <u>(10,091,801)</u> | <u>(10,888,424)</u> | <u>(9,929,314)</u> |
| Finance costs | 2(a) | <u>0</u> | <u>0</u> | <u>0</u> |
| | | <u>0</u> | <u>0</u> | <u>0</u> |
| | | 676,129 | (1,575,111) | (1,509,133) |
| Non-operating grants, subsidies and contributions | 30 | 301,305 | 231,000 | 584,064 |
| Profit on asset disposals | 21 | 1,757 | 0 | 802 |
| (Loss) on asset disposals | 21 | (81,116) | 0 | (120,161) |
| Fair value adjustments to financial assets at fair value through profit or loss | 4. | <u>2,762</u> | <u>0</u> | <u>(3,605)</u> |
| Net result | | <u>900,837</u> | <u>(1,344,111)</u> | <u>(1,048,033)</u> |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes on revaluation of non-current assets | 13 | 5,182,405 | 0 | 1,800,809 |
| Total other comprehensive income | | <u>5,182,405</u> | <u>0</u> | <u>1,800,809</u> |
| Total comprehensive income | | <u>6,083,242</u> | <u>(1,344,111)</u> | <u>752,776</u> |

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

SHIRE OF CHRISTMAS ISLAND
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2017

| | NOTE | 2017 \$ | 2016 \$ |
|--------------------------------------|------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 8,088,921 | 6,730,936 |
| Investments | 4 | 15,171 | 12,409 |
| Trade and other receivables | 5 | 191,793 | 189,720 |
| Inventories | 6 | 342,768 | 469,827 |
| TOTAL CURRENT ASSETS | | 8,638,653 | 7,402,892 |
| NON-CURRENT ASSETS | | | |
| Other receivables | 5 | 0 | 67,987 |
| Property, plant and equipment | 7 | 15,141,770 | 15,480,972 |
| Infrastructure | 8 | 27,759,270 | 22,527,914 |
| TOTAL NON-CURRENT ASSETS | | 42,901,040 | 38,076,873 |
| TOTAL ASSETS | | 51,539,693 | 45,479,765 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 451,531 | 507,893 |
| Provisions | 11 | 1,633,984 | 1,558,971 |
| TOTAL CURRENT LIABILITIES | | 2,085,515 | 2,066,864 |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 11 | 91,139 | 133,104 |
| TOTAL NON-CURRENT LIABILITIES | | 91,139 | 133,104 |
| TOTAL LIABILITIES | | 2,176,654 | 2,199,968 |
| NET ASSETS | | 49,363,039 | 43,279,797 |
| EQUITY | | | |
| Retained surplus | | 15,783,258 | 14,559,228 |
| Reserves - cash backed | 12 | 5,483,791 | 5,806,984 |
| Revaluation surplus | 13 | 28,095,990 | 22,913,585 |
| TOTAL EQUITY | | 49,363,039 | 43,279,797 |

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 2017

| NOTE | RESERVES | | | TOTAL EQUITY \$ |
|-----------------------------------|-------------------|------------------|-------------------|-----------------------|
| | RETAINED | CASH/INVESTMENT | REVALUATION | |
| | SURPLUS \$ | BACKED \$ | SURPLUS \$ | |
| Balance as at 1 July 2015 | 15,686,462 | 5,727,783 | 21,112,776 | 42,527,021 |
| Comprehensive income | | | | |
| Net result | (1,048,033) | 0 | 0 | (1,048,033) |
| Changes on revaluation of assets | 13 | 0 | 1,800,809 | 1,800,809 |
| Total comprehensive income | | 0 | 1,800,809 | 752,776 |
| Transfers from/(to) reserves | 12 | 79,201 | 0 | 0 |
| Balance as at 30 June 2016 | 14,559,228 | 5,806,984 | 22,913,585 | 43,279,797 |
| Comprehensive income | | | | |
| Net result | 900,837 | 0 | 0 | 900,837 |
| Changes on revaluation of assets | 13 | 0 | 5,182,405 | 5,182,405 |
| Total comprehensive income | | 0 | 5,182,405 | 6,083,242 |
| Transfers from/(to) reserves | 12 | (323,193) | 0 | 0 |
| Balance as at 30 June 2017 | 15,783,258 | 5,483,791 | 28,095,990 | 49,363,039 |

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 2017

| | NOTE | 2017 Actual \$ | 2017 Budget \$ | 2016 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Rates | | 1,180,093 | 1,247,068 | 1,279,834 |
| Operating grants, subsidies and contributions | | 7,236,486 | 5,648,514 | 5,164,432 |
| Fees and charges | | 511,929 | 323,100 | 659,912 |
| Service charges | | 1,100,195 | 831,684 | 1,118,325 |
| Interest earnings | | 202,832 | 215,313 | 232,278 |
| Other revenue | | 569,025 | 1,284,000 | 86,810 |
| | | <u>10,800,560</u> | <u>9,549,679</u> | <u>8,541,591</u> |
| Payments | | | | |
| Employee costs | | (6,217,110) | (6,953,965) | (5,462,220) |
| Materials and contracts | | (712,340) | (981,868) | (654,343) |
| Utility charges | | (89,070) | (120,000) | (82,163) |
| Insurance expenses | | (151,776) | (190,318) | (159,379) |
| Other expenditure | | (996,347) | (461,127) | (1,392,791) |
| | | <u>(8,166,643)</u> | <u>(8,707,278)</u> | <u>(7,750,896)</u> |
| Net cash provided by (used in) | | | | |
| operating activities | 14(b) | 2,633,917 | 842,401 | 790,695 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for development of | | | | |
| Land held for resale | | (188,388) | 0 | (104,616) |
| Payments for purchase of | | | | |
| property, plant & equipment | | (693,803) | (1,143,000) | (705,871) |
| Payments for construction of | | | | |
| infrastructure | | (734,248) | (544,054) | (238,300) |
| Non-operating grants, | | | | |
| subsidies and contributions | | 301,305 | 231,000 | 584,064 |
| Proceeds from sale of fixed assets | | 39,202 | 0 | 2,802 |
| Net cash provided by (used in) | | | | |
| investment activities | | <u>(1,275,932)</u> | <u>(1,456,054)</u> | <u>(461,921)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Net cash provided by (used in) | | <u>0</u> | <u>0</u> | <u>0</u> |
| financing activities | | <u>0</u> | <u>0</u> | <u>0</u> |
| Net increase (decrease) in cash held | | 1,357,985 | (613,653) | 328,774 |
| Cash at beginning of year | | 6,730,936 | 6,736,455 | 6,402,162 |
| Cash and cash equivalents | | | | |
| at the end of the year | 14(a) | <u>8,088,921</u> | <u>6,122,802</u> | <u>6,730,936</u> |

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 2017**

| | NOTE | 2017 Actual \$ | 2017 Budget \$ | 2016 Actual \$ |
|---|------|----------------------|----------------------|----------------------|
| Net current assets at start of financial year - surplus/(deficit) | | <u>857,878</u> | <u>1,106,514</u> | <u>884,495</u> |
| | | 857,878 | 1,106,514 | 884,495 |
| Revenue from operating activities (excluding rates) | | | | |
| Governance | | 146,991 | 72,500 | 23,319 |
| General purpose funding | | 6,785,037 | 4,932,429 | 4,770,150 |
| Law, order, public safety | | 2,641 | 1,000 | 2,090 |
| Health | | 23,949 | 17,000 | 15,311 |
| Education and welfare | | 14,755 | 16,200 | 35,171 |
| Housing | | 43,118 | 37,500 | 56,610 |
| Community amenities | | 1,108,048 | 847,684 | 1,142,540 |
| Recreation and culture | | 480,813 | 1,373,600 | 120,824 |
| Transport | | 837,552 | 722,000 | 932,636 |
| Economic services | | 37,983 | 44,000 | 42,356 |
| Other property and services | | 37,024 | 14,000 | 12,764 |
| | | <u>9,517,911</u> | <u>8,077,913</u> | <u>7,153,771</u> |
| Expenditure from operating activities | | | | |
| Governance | | (153,869) | (170,158) | (142,803) |
| General purpose funding | | (783,242) | (855,723) | (776,599) |
| Law, order, public safety | | (303,018) | (365,355) | (312,602) |
| Health | | (168,574) | (160,174) | (145,216) |
| Education and welfare | | (583,931) | (593,696) | (547,561) |
| Housing | | (199,684) | (195,014) | (185,462) |
| Community amenities | | (1,586,116) | (2,181,428) | (1,741,542) |
| Recreation and culture | | (1,554,316) | (2,222,967) | (1,776,873) |
| Transport | | (4,270,479) | (3,889,063) | (3,787,849) |
| Economic services | | (63,203) | (62,463) | (49,376) |
| Other property and services | | (501,966) | (200,000) | (587,197) |
| | | <u>(10,168,398)</u> | <u>(10,896,041)</u> | <u>(10,053,080)</u> |
| Operating activities excluded from budget | | | | |
| (Profit) on disposal of assets | 21 | (1,757) | 0 | (802) |
| Loss on disposal of assets | 21 | 81,116 | 0 | 120,161 |
| Fair value adjustments to financial assets at fair value through profit or loss | | 2,762 | 0 | 0 |
| Movement in employee benefit provisions | | 138,149 | 102,209 | 230,901 |
| Depreciation on assets | 2(a) | 1,788,129 | 1,759,300 | 1,796,342 |
| Amount attributable to operating activities | | <u>2,215,790</u> | <u>149,895</u> | <u>131,788</u> |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | | 301,305 | 231,000 | 584,064 |
| Proceeds from disposal of assets | 21 | 39,202 | 0 | 2,802 |
| Purchase of property, plant and equipment | 7(b) | (882,191) | (1,143,000) | (810,487) |
| Purchase and construction of infrastructure | 8(b) | (734,248) | (544,054) | (238,300) |
| Amount attributable to investing activities | | <u>(1,275,932)</u> | <u>(1,456,054)</u> | <u>(461,921)</u> |
| FINANCING ACTIVITIES | | | | |
| Transfers to reserves (restricted assets) | 12 | (163,481) | (704,247) | (174,031) |
| Transfers from reserves (restricted assets) | 12 | 486,674 | 775,000 | 94,830 |
| Amount attributable to financing activities | | <u>323,193</u> | <u>70,753</u> | <u>(79,201)</u> |
| Surplus(deficiency) before general rates | | <u>1,263,051</u> | <u>(1,235,406)</u> | <u>(409,334)</u> |
| Total amount raised from general rates | 23 | <u>1,250,019</u> | <u>1,235,406</u> | <u>1,267,212</u> |
| Net current assets at June 30 c/fwd - surplus/(deficit) | 24 | <u>2,513,070</u> | <u>0</u> | <u>857,878</u> |

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

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and 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 20 to these financial statements.

(a) Goods and Services Tax (GST)

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

(b) 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

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

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) 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.

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

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

(d) Inventories

General

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

Land held for sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

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

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

(e) Fixed Assets

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

Mandatory requirement to revalue non-current assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

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.

Initial recognition and measurement between mandatory revaluation dates

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

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 detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

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 asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

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 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Depreciation

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

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

| | |
|--|-----------------|
| Buildings | 20 to 50 years |
| Furniture and Equipment | 1 to 10 years |
| Plant and Machinery | 1 to 15 years |
| Sealed roads and streets | |
| formation | not depreciated |
| pavement | 20 to 50 years |
| seal | |
| - bituminous seals | 20 to 25 years |
| - asphalt surfaces | 20 to 25 years |
| Gravel roads | |
| formation | not depreciated |
| pavement | 20 to 50 years |
| gravel sheet | 12 years |
| Formed roads | |
| formation | not depreciated |
| pavement | 20 to 50 years |
| Other infrastructure | 1 to 50 years |
| Water supply piping & drainage systems | 20 to 80 years |

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.

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities

When performing a revaluation, the Shire uses an independent valuation. Using following as a guide:

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.

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.

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities (Continued)

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 an asset at its current service capacity.

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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

(g) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

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

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

(i) Financial assets at fair value through profit and loss

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

(ii) Receivables

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

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire has the positive intention and ability to hold to maturity.

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Impairment

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

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

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

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

Derecognition

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

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.

(h) Impairment of Assets

In accordance with Australian Accounting Standards the Shire's 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 assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(i) Trade and Other Payables

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

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

(k) Borrowing Costs

Council has no borrowing costs in Financial Year 2016/17 and will not do so in 2017/18.

(l) 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.

(m) Leases

Council has no leases of fixed assets in Financial Year 2016/17 and will not do so in 2017/18.

(n) Investment in Associates

Council has no investment in associates in Financial Year 2016/17 and will not do so in 2017/18.

(o) Interests in Joint Arrangements

Council has no interests in Joint Venture Arrangements in Financial Year 2016/17 and will not do so in 2017/18.

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Rates, Grants, Donations and Other Contributions

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

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

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 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 2(c). 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.

(q) Superannuation

The Shire contributes to a number of Superannuation Funds on behalf of employees.

(r) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

(s) Rounding Off Figures

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

(t) 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 statement, 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.

(u) 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.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) New Accounting Standards and Interpretations for Application in Future Periods

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

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

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

Notes:

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

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

| | Title | Issued / Compiled | Applicable ⁽¹⁾ | Impact |
|------|---|--------------------------|----------------------------------|---|
| (iv) | AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8) | December 2016 | 1 January 2019 | <p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p> |

Notes:

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

(w) Adoption of New and Revised Accounting Standards

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

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

| | |
|--|---|
| <p>(i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</p> <p>[AASB 10, 124 & 1049]</p> | <p>The objective of this Standard was to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.</p> |
|--|---|

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| 2. REVENUE AND EXPENSES | | 2017 | 2016 |
|---|----------------|------------------|------------------|
| | | \$ | \$ |
| (a) Net Result | | | |
| The Net result includes: | | | |
| (i) Charging as an expense: | | | |
| Significant expense | | | |
| Payment of Redundancy to a MVR employee | | 107,804 | 0 |
| Auditors remuneration | | | |
| - Audit of the Annual Financial Report | | 25,495 | 28,179 |
| - Assistance with the finalisation of Annual Financial Report | | 900 | 750 |
| - Other services | | 2,500 | 34,662 |
| Depreciation | | | |
| Buildings - non-specialised | | 41,174 | 50,042 |
| Buildings - specialised | | 191,836 | 148,642 |
| Furniture and equipment | | 44,355 | 121,974 |
| Plant and equipment | | 426,597 | 599,448 |
| Roads | | 849,853 | 646,916 |
| Drainage | | 148,444 | 148,445 |
| Others | | 85,870 | 80,875 |
| | | <u>1,788,129</u> | <u>1,796,342</u> |
| (ii) Crediting as revenue: | | | |
| Other revenue | | | |
| Other | | 569,025 | 108,761 |
| | | <u>569,025</u> | <u>108,761</u> |
| | 2017 | 2017 | 2016 |
| | Actual | Budget | Actual |
| | \$ | \$ | \$ |
| Interest earnings | | | |
| - Reserve funds | 163,601 | 162,313 | 174,151 |
| - Other funds | 31,703 | 50,000 | 53,883 |
| Other interest revenue (refer note 28) | 7,528 | 3,000 | 4,244 |
| | <u>202,832</u> | <u>215,313</u> | <u>232,278</u> |

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, the Shire has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

COMMUNITY VISION

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life.

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

GOVERNANCE

Objective: to provide leadership, and work in partnership with community and key stakeholders, to achieve the overall strategic direction for Christmas Island; and operate effectively as a Local Government organisation for the benefit of the people of Christmas Island.

Activities: General administration and members costs incurred in performing Council's functions.

GENERAL PURPOSE FUNDING

Objective: to collect revenue to allow for the provision of services.

Activities: Rate revenue, Government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective: to ensure law, order and public safety of the residents of Christmas Island as well as control of dogs and cats of the Island.

Activities: Supervise and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

Objective: to provide facilities on Christmas Island for good community health.

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

EDUCATION AND WELFARE

Objective: to provide services, facilities and resources respond to the community's need.

Activities: Operation of community services, shop-front, immigration, senior, youth and school holiday activities.

HOUSING

Objective: to provide reasonable accommodation for staff employed from mainland.

Activity: Provision and maintenance of staff housing.

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective: to provide services required by the community.

Activities: Rubbish collections, tip maintenance, litter control, car removals, administration of town planning scheme, maintenance of cemetery, public conveniences and community assistance scheme.

RECREATION AND CULTURE

Objective: to provide facilities for recreational, cultural and sporting purposes.

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

TRANSPORT

Objective: to provide all facilities necessary for the safe and orderly movement of vehicles and pedestrians on Christmas Island.

Activities: Construction and maintenance of roads, footpaths, depots, traffic signs and street signs

ECONOMIC SERVICES

Objective: to provide services to the community.

Activities: Property leases.

OTHER PROPERTY AND SERVICES

Objective: to monitor and control Shire's overheads and operating accounts.

Activities: Private works operation, plant repair and operation costs, works & services operation costs and salaries & wages.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

| Grant/Contribution | Opening | | | Closing | | | Closing |
|---|------------------------|-------------------------|-------------------------|------------------------|-------------------------|-------------------------|-----------------|
| | Balance ⁽¹⁾ | Received ⁽²⁾ | Expended ⁽³⁾ | Balance ⁽¹⁾ | Received ⁽²⁾ | Expended ⁽³⁾ | Balance |
| | 1/07/15 | 2015/16 | 2015/16 | 30/06/16 | 2016/17 | 2016/17 | 30/06/17 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Transport | | | | | | | |
| Central Road Authority | 175,000 | 0 | (81,990) | 93,010 | 0 | (93,010) | 0 |
| Roads to Recovery | 0 | 404,064 | (151,049) | 253,015 | 262,000 | (515,015) | 0 |
| Total | <u>175,000</u> | <u>404,064</u> | <u>(233,039)</u> | <u>346,025</u> | <u>262,000</u> | <u>(608,025)</u> | <u>0</u> |
| | | | | 30/06/16 | | | 30/06/17 |
| | | | | \$ | | | \$ |
| Grants received recognised as revenue | | | | 346,025 | | | 0 |
| Grants received recognised as a liability | | | | 0 | | | 0 |
| | | | | <u>346,025</u> | | | <u>0</u> |

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 2017

| | Note | 2017 \$ | 2016 \$ |
|---|------|------------------|------------------|
| 3. CASH AND CASH EQUIVALENTS | | | |
| Cash on Hand - Unrestricted | | 600 | 600 |
| Unrestricted | | 2,604,530 | 577,327 |
| Restricted | | <u>5,483,791</u> | <u>6,153,009</u> |
| | | <u>8,088,921</u> | <u>6,730,936</u> |
| The following restrictions have been imposed by regulations or other externally imposed requirements: | | | |
| Employees Benefits Reserve | 12 | 1,457,223 | 1,417,217 |
| Plant & Machinery Reserve | 12 | 1,316,188 | 1,552,344 |
| Furniture & Equipment Reserve | 12 | 761,430 | 772,862 |
| Building Reserve | 12 | 858,119 | 956,115 |
| Community Welfare Fund Reserve | 12 | 86,569 | 85,657 |
| Recreation Services Reserve | 12 | 438,845 | 435,602 |
| Waste Management Reserve | 12 | 469,867 | 494,261 |
| Road Works and Materials Reserve | 12 | 95,550 | 92,926 |
| Unspent grants | 2(c) | <u>0</u> | <u>346,025</u> |
| | | <u>5,483,791</u> | <u>6,153,009</u> |
| 4. INVESTMENTS | | | |
| Financial assets at fair value through profit and loss | | <u>15,171</u> | <u>12,409</u> |
| Financial assets at fair value through profit and loss | | | |
| At the beginning of the year | | 12,409 | 16014 |
| Revaluation to income statement | | | |
| Governance | | <u>2,762</u> | <u>(3,605)</u> |
| | | <u>2,762</u> | <u>(3,605)</u> |
| At the end of the year | | <u>15,171</u> | <u>12,409</u> |

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| | 2017 \$ | 2016 \$ |
|---|----------------|----------------|
| 5. TRADE AND OTHER RECEIVABLES | | |
| Current | | |
| Rates outstanding | 76,132 | 8,489 |
| Sundry debtors | 95,244 | 32,109 |
| Prepayments | 6,916 | 40,200 |
| Accrued Income | 13,501 | 108,922 |
| | <u>191,793</u> | <u>189,720</u> |
| Non-current | | |
| Sundry debtors | 0 | 67,987 |
| | <u>0</u> | <u>67,987</u> |
| Information with respect the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows: | | |
| Rates outstanding | <u>76,132</u> | <u>8,489</u> |
| Sundry debtors | <u>95,244</u> | <u>32,109</u> |
| Includes: | | |
| Impaired | <u>67,623</u> | <u>0</u> |
| 6. INVENTORIES | | |
| Current | | |
| Fuel and materials | 342,768 | 469,827 |
| | <u>342,768</u> | <u>469,827</u> |

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| | 2017 \$ | 2016 \$ |
|---|-------------------|-------------------|
| 7 (a). PROPERTY, PLANT AND EQUIPMENT | | |
| Land and buildings | | |
| Land - freehold land | | |
| - Independent valuation 2017 - level 2 | 2,280,000 | 0 |
| - Independent valuation 2017 - level 3 | 180,000 | 0 |
| - Independent valuation 2014 - level 2 | 0 | 2,439,000 |
| - Additions after valuation - cost | 0 | 424,860 |
| | <u>2,460,000</u> | <u>2,863,860</u> |
| Land - vested in and under the control of Council at: | | |
| - Management valuation 2017 - level 3 | 808,000 | 0 |
| - Independent valuation 2014 - level 3 | 0 | 808,000 |
| | <u>808,000</u> | <u>808,000</u> |
| | <u>3,268,000</u> | <u>3,671,860</u> |
| Buildings - non-specialised at: | | |
| - Independent valuation 2017 - level 2 | 1,159,000 | 0 |
| - Independent valuation 2014 - level 2 | 0 | 1,045,000 |
| - Additions after valuation - cost | 0 | 66,226 |
| - Less: accumulated depreciation | 0 | (73,165) |
| | <u>1,159,000</u> | <u>1,038,061</u> |
| Buildings - specialised at: | | |
| - Independent valuation 2017 - level 3 | 7,070,950 | 0 |
| - Independent valuation 2014 - level 3 | 0 | 6,765,000 |
| - Additions after valuation - cost | 0 | 684,794 |
| - Less: accumulated depreciation | 0 | (304,243) |
| | <u>7,070,950</u> | <u>7,145,551</u> |
| | <u>8,229,950</u> | <u>8,183,612</u> |
| Total land and buildings | <u>11,497,950</u> | <u>11,855,472</u> |

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| | 2017 | 2016 |
|--|--------------------------|--------------------------|
| | \$ | \$ |
| 7(a). PROPERTY, PLANT AND EQUIPMENT (Continued) | | |
| Furniture and equipment at: | | |
| - Independent valuation 2016 - level 2 | 2,200 | 2,200 |
| - Independent valuation 2016 - level 3 | 318,500 | 318,500 |
| - Additions after valuation - cost | 113,729 | 0 |
| - Less: accumulated depreciation | (44,355) | 0 |
| | <u>390,074</u> | <u>320,700</u> |
| Plant and equipment at: | | |
| - Independent valuation 2016 - level 2 | 3,087,799 | 3,229,300 |
| - Independent valuation 2016 - level 3 | 75,500 | 75,500 |
| - Additions after valuation - cost | 494,104 | 0 |
| - Less: accumulated depreciation | (403,657) | 0 |
| | <u>3,253,746</u> | <u>3,304,800</u> |
| | <u><u>15,141,770</u></u> | <u><u>15,480,972</u></u> |

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

| | Balance at the Beginning of the Year \$ | Additions \$ | (Disposals) \$ | Revaluation Increments/ (Decrements) Transferred to Revaluation \$ | Revaluation (Losses)/ Reversals Through to Profit or Loss \$ | Impairment (Losses)/ Reversals \$ | Depreciation (Expense) \$ | Transfers \$ | Carrying Amount at the End of Year \$ |
|--|---|-----------------|-------------------|--|--|--|---------------------------------|-----------------|---|
| Land - freehold land | 2,863,860 | 188,388 | 0 | (592,248) | 0 | 0 | 0 | 0 | 2,460,000 |
| Land - vested in and under the control of Council | 808,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 808,000 |
| Total land | 3,671,860 | 188,388 | 0 | (592,248) | 0 | 0 | 0 | 0 | 3,268,000 |
| Buildings - non-specialised | 1,038,061 | 0 | 0 | 162,113 | 0 | 0 | (41,174) | 0 | 1,159,000 |
| Buildings - specialised | 7,145,551 | 85,970 | 0 | 31,265 | 0 | 0 | (191,836) | 0 | 7,070,950 |
| Total buildings | 8,183,612 | 85,970 | 0 | 193,378 | 0 | 0 | (233,010) | 0 | 8,229,950 |
| Total land and buildings | 11,855,472 | 274,358 | 0 | (398,870) | 0 | 0 | (233,010) | 0 | 11,497,950 |
| Furniture and equipment | 320,700 | 113,729 | 0 | 0 | 0 | 0 | (44,355) | 0 | 390,074 |
| Plant and equipment | 3,304,800 | 494,104 | (118,561) | 0 | 0 | 0 | (426,597) | 0 | 3,253,746 |
| Total property, plant and equipment | 15,480,972 | 882,191 | (118,561) | (398,870) | 0 | 0 | (703,962) | 0 | 15,141,770 |

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of valuation | Date of last Valuation | Inputs used |
|---|-----------------------------|---|--------------------------------|-------------------------------|---|
| 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 construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Buildings - non-specialised | 3 | Improvements to land valued using cost approach using depreciated replacement costs | Independent registered valuers | June 2017 | Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Buildings - specialised | 2 | Market approach using recent observable market data for similar properties. | Independent registered valuers | June 2017 | Price per hectare |
| Furniture and equipment | 3 | Cost approach using depreciated replacement cost | Independent registered valuers | June 2016 | Construction 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 costs | 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.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| | 2017 | 2016 |
|--|--------------------------|--------------------------|
| | \$ | \$ |
| 8 (a). INFRASTRUCTURE | | |
| Roads | | |
| Management valuation 2017 - level 3 | 29,462,356 | 0 |
| Management valuation 2016 - level 3 | 0 | 25,760,576 |
| Roads - Less: accumulated depreciation | <u>(8,132,902)</u> | <u>(9,891,603)</u> |
| | 21,329,454 | 15,868,973 |
| Drainage | | |
| Management valuation 2015 - level 3 | 5,494,700 | 5,494,700 |
| Less: accumulated depreciation | <u>(296,889)</u> | <u>(148,445)</u> |
| | 5,197,811 | 5,346,255 |
| Others | | |
| Management valuation 2015 - level 3 | 1,388,300 | 1,388,300 |
| Additions after valuation - cost | 10,450 | 5,261 |
| Less: accumulated depreciation | <u>(166,745)</u> | <u>(80,875)</u> |
| | 1,232,005 | 1,312,686 |
| | <u><u>27,759,270</u></u> | <u><u>22,527,914</u></u> |

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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 infrastructure to be shown at fair value.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

8. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

| | Balance as at the Beginning of the Year | Additions | (Disposals) | Revaluation Increments/ (Decrements) Transferred to Revaluation | Revaluation (Loss)/ Reversal Transferred to Profit or Loss | Impairment (Losses)/ Reversals | Depreciation (Expense) | Transfers | Carrying Amount at the End of the Year |
|-----------------------------|--|----------------|-------------|--|---|--------------------------------------|---------------------------|-----------|---|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Roads | 15,868,973 | 729,059 | 0 | 5,581,275 | 0 | 0 | (849,853) | 0 | 21,329,454 |
| Drainage | 5,346,255 | 0 | 0 | 0 | 0 | 0 | (148,444) | 0 | 5,197,811 |
| Others | 1,312,686 | 5,189 | 0 | 0 | 0 | 0 | (85,870) | 0 | 1,232,005 |
| Total infrastructure | 22,527,914 | 734,248 | 0 | 5,581,275 | 0 | 0 | (1,084,167) | 0 | 27,759,270 |

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of valuation | Date of last Valuation | Inputs used |
|--------------------|-----------------------------|--|---------------------------|-------------------------------|--|
| Roads | 3 | Cost approach using depreciated replacement cost | Management valuation | June 2017 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Drainage | 3 | Cost approach using depreciated replacement cost | Management valuation | June 2017 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Others | 3 | Cost approach using depreciated replacement cost | Management valuation | June 2017 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |

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

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

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| | 2017 | 2016 |
|------------------------------------|----------------|----------------|
| | \$ | \$ |
| 9. TRADE AND OTHER PAYABLES | | |
| Current | | |
| Sundry creditors | 126,321 | 126,951 |
| Accrued Salaries & wages | 224,143 | 209,951 |
| Sick Leave Bonus | 80,054 | 84,549 |
| Others | 21,013 | 86,442 |
| | <u>451,531</u> | <u>507,893</u> |

10. LONG-TERM BORROWINGS

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

11. PROVISIONS

| | Provision for Annual Leave \$ | Provision for Long Service Leave \$ | Total \$ |
|--|--|--|-------------------|
| Opening balance at 1 July 2016 | | | |
| Current provisions | 792,911 | 766,060 | 1,558,971 |
| Non-current provisions | <u>0</u> | <u>133,104</u> | <u>133,104</u> |
| | 792,911 | 899,164 | 1,692,075 |
| Additional provision/(Amount used) | <u>(88,129)</u> | <u>121,177</u> | <u>33,048</u> |
| Balance at 30 June 2017 | <u>704,782</u> | <u>1,020,341</u> | <u>1,725,123</u> |
| Comprises | | | |
| Current | 704,782 | 929,202 | 1,633,984 |
| Non-current | <u>0</u> | <u>91,139</u> | <u>91,139</u> |
| | <u>704,782</u> | <u>1,020,341</u> | <u>1,725,123</u> |

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

12. RESERVES - CASH BACKED

| | Actual 2017 Opening Balance \$ | Actual 2017 Bank Interests/Chrg \$ | Actual 2017 Transfer (from) \$ | Actual 2017 Closing Balance \$ | Budget 2017 Opening Balance \$ | Budget 2017 Bank Interests/Chrg \$ | Budget 2017 Transfer (to) \$ | Budget 2017 Transfer (from) \$ | Budget 2017 Closing Balance \$ | Actual 2016 Opening Balance \$ | Actual 2016 Bank Interests/Chrg \$ | Actual 2016 Transfer (from) \$ | Actual 2016 Closing Balance \$ |
|----------------------------------|--|--|---|--|--|--|---------------------------------------|--|--|--|--|---|--|
| Employees Benefits Reserve | 1,417,217.00 | 40,006 | 0 | 1,457,223 | 1,417,217 | 39,497 | 100,000 | 0 | 1,556,714 | 1,375,370 | 41,847 | 0 | 1,417,217 |
| Plant & Machinery Reserve | 1,552,344.14 | 43,844 | (280,000) | 1,316,188 | 1,552,344 | 43,329 | 100,000 | (280,000) | 1,415,673 | 1,544,677 | 47,066 | (39,399) | 1,552,344 |
| Furniture & Equipment Reserve | 772,861.69 | 21,828 | (33,260) | 761,430 | 772,862 | 21,572 | 100,000 | (193,000) | 701,434 | 750,009 | 22,853 | 0 | 772,862 |
| Building Reserve | 956,115.04 | 27,004 | (125,000) | 858,119 | 956,115 | 26,687 | 100,000 | (125,000) | 957,802 | 980,117 | 29,864 | (53,866) | 956,115 |
| Community Welfare Fund Reserve | 85,657.00 | 1,912 | (1,000) | 86,569 | 85,657 | 2,681 | 0 | (2,000) | 86,338 | 85,064 | 2,158 | (1,565) | 85,657 |
| Recreation Services Reserve | 435,602.00 | 12,303 | (9,060) | 438,845 | 435,602 | 12,158 | 0 | (135,000) | 312,760 | 422,722 | 12,880 | 0 | 435,602 |
| Waste Management Reserve | 494,261.00 | 13,960 | (38,354) | 469,867 | 494,261 | 13,796 | 100,000 | (40,000) | 568,057 | 479,646 | 14,615 | 0 | 494,261 |
| Road Works and Materials Reserve | 92,926.00 | 2,624 | 0 | 95,550 | 92,926 | 2,593 | 41,934 | 0 | 137,453 | 90,178 | 2,748 | 0 | 92,926 |
| | <u>5,806,983.87</u> | <u>163,481</u> | <u>(486,674)</u> | <u>5,483,791</u> | <u>5,806,984</u> | <u>162,313</u> | <u>541,934</u> | <u>(775,000)</u> | <u>5,736,231</u> | <u>5,727,783</u> | <u>174,031</u> | <u>(94,830)</u> | <u>5,806,984</u> |

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 |
|----------------------------------|----------------------------|---|
| Employees Benefits Reserve | Ongoing | - to be used to fund annual and long service leave requirements. |
| Plant & Machinery Reserve | Ongoing | - to be used for the purchase of new major plant. |
| Furniture & Equipment Reserve | Ongoing | - to be used for the purchase of new furniture & equipment. |
| Building Reserve | Ongoing | - to be used for construction of a new house or upgrade staff housing. |
| Community Welfare Fund Reserve | Ongoing | - to be used for specific community purposes. |
| Recreation Services Reserve | Ongoing | - to be used for the upgrade of recreation services and purchase of new plant, furniture & equipment. |
| Waste Management Reserve | Ongoing | - to be used for the upgrade of tip site and purchase new plant & equipment. |
| Road Works and Materials Reserve | Ongoing | - to be used for the purpose of road works and purchase of materials. |

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

13. REVALUATION SURPLUS

| | 2017 Opening Balance \$ | 2017 Revaluation Increment \$ | 2017 Revaluation (Decrement) \$ | 2017 Total Movement on Revaluation \$ | 2017 Closing Balance \$ | 2016 Opening Balance \$ | 2016 Revaluation Increment \$ | 2016 Revaluation (Decrement) \$ | 2016 Total Movement on Revaluation \$ | 2016 Closing Balance \$ |
|---|----------------------------------|--|--|---|----------------------------------|----------------------------------|--|--|---|----------------------------------|
| Revaluation surplus - Land and buildings | 6,933,044 | 0 | (398,870) | (398,870) | 6,534,174 | 6,933,044 | 0 | 0 | 0 | 6,933,044 |
| Revaluation surplus - Furniture and equipment | 127,357 | 0 | 0 | 0 | 127,357 | 38,223 | 89,134 | 0 | 89,134 | 127,357 |
| Revaluation surplus - Plant and equipment | 569,828 | 0 | 0 | 0 | 569,828 | 126,130 | 443,698 | 0 | 443,698 | 569,828 |
| Revaluation surplus - Roads | 9,926,437 | 5,581,275 | 0 | 5,581,275 | 15,507,712 | 8,658,460 | 1,267,977 | 0 | 1,267,977 | 9,926,437 |
| Revaluation surplus - Drainage | 5,356,919 | 0 | 0 | 0 | 5,356,919 | 5,356,919 | 0 | 0 | 0 | 5,356,919 |
| | <u>22,913,585</u> | <u>5,581,275</u> | <u>(398,870)</u> | <u>5,182,405</u> | <u>28,095,990</u> | <u>21,112,776</u> | <u>1,800,809</u> | <u>0</u> | <u>1,800,809</u> | <u>22,913,585</u> |

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

SHIRE OF CHRISTMAS ISLAND
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FOR THE YEAR ENDED 30TH JUNE 2017

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

| | 2017 | 2017 | 2016 |
|--|------------------|------------------|------------------|
| | \$ | Budget | \$ |
| Cash and cash equivalents | <u>8,088,921</u> | <u>6,122,802</u> | <u>6,730,936</u> |
| (b) Reconciliation of Net Cash Provided By Operating Activities to Net Result | | | |
| Net result | 900,837 | (1,344,111) | (1,048,033) |
| Non-cash flows in Net result: | | | |
| Depreciation | 1,788,129 | 1,759,300 | 1,796,342 |
| (Profit)/Loss on sale of asset | 79,359 | 0 | 119,359 |
| Fair value adjustments to fixed assets at fair value through profit or loss | (2,762) | 0 | 3,605 |
| Changes in assets and liabilities: | | | |
| (Increase)/Decrease in receivables | 65,914 | 34,010 | 121,410 |
| (Increase)/Decrease in inventories | 127,059 | 150,000 | 21,633 |
| Increase/(Decrease) in payables | (56,362) | 359,610 | 129,542 |
| Increase/(Decrease) in provisions | 33,048 | 114,590 | 230,901 |
| Grants contributions for the development of assets | <u>(301,305)</u> | <u>(231,000)</u> | <u>(584,064)</u> |
| Net cash from operating activities | <u>2,633,917</u> | <u>842,401</u> | <u>790,695</u> |
| (c) Undrawn Borrowing Facilities | | | |
| Credit Standby Arrangements | | | |
| Credit card limit | 40,000 | | 40,000 |
| Credit card balance at balance date | <u>(12,262)</u> | | <u>(15,091)</u> |
| Total amount of credit unused | <u>27,738</u> | | <u>24,909</u> |

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

15. CONTINGENT LIABILITIES

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

16. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

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

(b) Capital Expenditure Commitments

The Shire did not have any future capital expenditure commitments at the reporting date.

17. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

| | 2017 | 2016 |
|-----------------------------|-------------------|-------------------|
| | \$ | \$ |
| Governance | 196,402 | 110,600 |
| Law, order, public safety | 55,884 | 66,000 |
| Health | 21,353 | 73,000 |
| Education and welfare | 299,959 | 685,519 |
| Housing | 213,900 | 1,900,184 |
| Community amenities | 1,123,309 | 1,319,420 |
| Recreation and culture | 7,617,730 | 7,374,439 |
| Transport | 31,394,723 | 26,382,850 |
| Economic services | 0 | 106,461 |
| Other property and services | 52,680 | 58,400 |
| Unallocated | 8,638,653 | 7,402,892 |
| | <u>51,539,693</u> | <u>45,479,765</u> |

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| | 2017 | 2016 | 2015 |
|-----------------------------------|------|--------|--------|
| 19. FINANCIAL RATIOS | | | |
| Current ratio | 5.02 | 1.92 | 3.63 |
| Asset sustainability ratio | 0.78 | 0.49 | 0.99 |
| Debt service cover ratio | 0.00 | 0.00 | 0.00 |
| Operating surplus ratio | 0.17 | (0.52) | (0.48) |
| Own source revenue coverage ratio | 0.35 | 0.32 | 0.38 |

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 sustainability ratio | $\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$ |
| Debt service cover ratio | $\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$ |
| Operating surplus ratio | $\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$ |
| Own source revenue coverage ratio | $\frac{\text{own source operating revenue}}{\text{operating expenses}}$ |

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 57 of this document.

Two of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased cash at bank and grant revenue in 2017 by \$2,039,404.

If recognised in the year to which the allocation related, the calculations in the 2017 would be as follows:

| | 2017 | 2016 | 2015 |
|-------------------------|--------|--------|--------|
| Current ratio | 1.78 | 1.92 | 3.63 |
| Operating surplus ratio | (0.41) | (0.52) | (0.48) |

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

20. TRUST FUNDS

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

| | 1 July 2016 \$ | Amounts Received \$ | Amounts Paid (\$) | 30 June 2017 \$ |
|---|----------------------|---------------------------|-------------------------|-----------------------|
| Motor Vehicle Registration/Others | 20,399 | 563 | (105) | 20,857 |
| Liswa Library Book | 8 | 0 | 0 | 8 |
| 5 Jalan Ketam Merah/23 Seaview Drive Bond | 2,000 | 0 | 0 | 2,000 |
| Excavation Permit | 396 | 9,382 | (895) | 8,883 |
| Senior Citizen Building Fund | 9,859 | 0 | (9,859) | 0 |
| Phosphate Hill Open Space | 58,969 | 1,230 | 0 | 60,199 |
| Taman Sweetland Reserve | 50,952 | 1,091 | 0 | 52,043 |
| | <u>142,583</u> | <u>12,266</u> | <u>(10,859)</u> | <u>143,990</u> |

21. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR

The following assets were disposed of during the year.

| | Actual Net Book Value \$ | Actual Sale Proceeds \$ | Actual Profit \$ | Actual Loss \$ | Budget Net Book Value \$ | Budget Sale Proceeds \$ | Budget Profit \$ | Budget Loss \$ |
|----------------------------|-----------------------------------|----------------------------------|------------------------|----------------------|-----------------------------------|----------------------------------|------------------------|----------------------|
| Plant and Equipment | | | | | | | | |
| Governance | | | | | | | | |
| Plant & Machinery | 3,255 | 5,012 | 1,757 | 0 | 0 | 0 | 0 | 0 |
| Community amenities | | | | | | | | |
| Plant & Machinery | 10,350 | 2,500 | 0 | (7,850) | 0 | 0 | 0 | 0 |
| Recreation and culture | | | | | | | | |
| Plant & Machinery | 19,673 | 8,870 | 0 | (10,803) | 0 | 0 | 0 | 0 |
| Transport | | | | | | | | |
| Plant & Machinery | 85,283 | 22,820 | 0 | (62,463) | 0 | 0 | 0 | 0 |
| | <u>118,561</u> | <u>39,202</u> | <u>1,757</u> | <u>(81,116)</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |

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

(a) Repayments - Debentures

The Shire did not have any debenture repayments as at 30 June 2017.

(b) New Debentures - 2016/17

The Shire did not take up any new debentures during the year ended 30 June 2017.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2017.

(d) Overdraft

The Shire did not have any overdrafts facility at 30 June 2017.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

23 RATING INFORMATION - 2016/17 FINANCIAL YEAR

| RATE TYPE | Rate In \$ | Number of Properties | Rateable Value \$ | Rate Revenue \$ | Interim Rates \$ | Back Rates \$ | Total Revenue \$ | Budget Rate Revenue \$ | Budget Total Revenue \$ |
|--|---------------|----------------------------|-------------------------|-----------------------|------------------------|---------------------|------------------------|---------------------------------|----------------------------------|
| Gross rental value valuations | | | | | | | | | |
| GRV - Residential | 8.9578 | 454 | 8,779,676 | 786,466 | 0 | 0 | 786,466 | 786,466 | 786,466 |
| GRV - Commercial | 8.9578 | 79 | 2,005,517 | 165,525 | 0 | 0 | 165,525 | 166,084 | 166,084 |
| GRV - DIAC | 0.0000 | 21 | 1,211,820 | 0 | 0 | 0 | 0 | 0 | 0 |
| GRV - Unallocated | 8.9578 | 4 | 156,780 | 4,479 | 0 | 0 | 4,479 | 4,479 | 4,479 |
| GRV - Rural | 8.9578 | 1 | 33,500 | 762 | 2,239 | 3,149 | 6,150 | 761 | 761 |
| GRV - Industrial | 8.9578 | 9 | 212,650 | 17,325 | 0 | 0 | 17,325 | 17,326 | 17,326 |
| GRV - Exempt | 0.0000 | 150 | 0 | 559 | 0 | 0 | 559 | 0 | 0 |
| Unimproved value valuations | | | | | | | | | |
| UV - Industrial | 19.6330 | 2 | 1,225,000 | 240,504 | 0 | 0 | 240,504 | 240,504 | 240,504 |
| UV - Mining | 19.6330 | 4 | 526,462 | 103,360 | 0 | 0 | 103,360 | 103,360 | 103,360 |
| Sub-Total | | 724 | 14,151,405 | 1,318,980 | 2,239 | 3,149 | 1,324,368 | 1,318,980 | 1,318,980 |
| Minimum | | | | | | | | | |
| Minimum payment | \$ | | | | | | | | |
| Gross rental value valuations | | | | | | | | | |
| GRV - Residential | 542 | 5 | 15,825 | 2,710 | 0 | 0 | 2,710 | 2,710 | 2,710 |
| GRV - Commercial | 542 | 16 | 56,625 | 8,672 | 0 | 0 | 8,672 | 8,672 | 8,672 |
| GRV - Unallocated | 542 | 37 | 106,780 | 20,054 | 0 | 0 | 20,054 | 20,054 | 20,054 |
| GRV - Rural | 542 | 1 | 0 | 542 | 0 | 0 | 542 | 542 | 542 |
| GRV - Mining Tenement | 542 | 1 | 0 | 542 | 0 | 0 | 542 | 542 | 542 |
| GRV - Industrial | 542 | 6 | 19,240 | 3,252 | 0 | 0 | 3,252 | 3,252 | 3,252 |
| UV - Mining Tenement | 327 | 0 | 0 | 0 | 0 | 0 | 0 | 654 | 654 |
| Sub-Total | | 66 | 198,470 | 35,772 | 0 | 0 | 35,772 | 36,426 | 36,426 |
| | | 790 | 14,349,875 | 1,354,752 | 2,239 | 3,149 | 1,360,140 | 1,355,406 | 1,355,406 |
| Discounts/concessions (refer note 27) | | | | | | | (110,121) | | (120,000) |
| Total amount raised from general rate | | | | | | | 1,250,019 | | 1,235,406 |
| Write off | | | | | | | (3,114) | | (1,000) |
| Excess Rates | | | | | | | (1,446) | | 1,000 |
| Instalment admin fees | | | | | | | 1,950 | | 2,000 |
| Legal fees/Refund | | | | | | | 327 | | 1,000 |
| Totals | | | | | | | 1,247,736 | | 1,238,406 |

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

24. NET CURRENT ASSETS

Composition of net current assets

| | 2017 | 2017 | 2016 |
|---|------------------|------------------|------------------|
| | (30 June 2017 | (1 July 2016 | (30 June 2016 |
| | Carried | Brought | Carried |
| | Forward) | Forward) | Forward) |
| | \$ | \$ | \$ |
| Surplus/(Deficit) 1 July 16 brought forward | 2,513,070 | 857,878 | 857,878 |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | | |
| Unrestricted | 2,605,130 | 577,927 | 577,927 |
| Restricted | 5,483,791 | 6,153,009 | 6,153,009 |
| Investments | | | |
| Financial assets at fair value through profit and loss | 15,171 | 12,409 | 12,409 |
| Receivables | | | |
| Rates outstanding | 76,132 | 8,489 | 8,489 |
| Sundry debtors | 95,244 | 32,109 | 32,109 |
| Prepayments | 6,916 | 40,200 | 40,200 |
| Accrued Income | 13,501 | 108,922 | 108,922 |
| Inventories | | | |
| Fuel and materials | 342,768 | 469,827 | 469,827 |
| LESS: CURRENT LIABILITIES | | | |
| Trade and other payables | | | |
| Sundry creditors | (126,321) | (126,951) | (126,951) |
| Accrued Salaries & wages | (224,143) | (209,951) | (209,951) |
| Sick Leave Bonus | (80,054) | (84,549) | (84,549) |
| Others | (21,013) | (86,442) | (86,442) |
| Provisions | | | |
| Provision for annual leave | (704,782) | (792,911) | (792,911) |
| Provision for long service leave | (929,202) | (766,060) | (766,060) |
| Unadjusted net current assets | 6,553,138 | 5,336,028 | 5,336,028 |
| Adjustments | | | |
| Less: Reserves - restricted cash | (5,483,791) | (5,806,984) | (5,806,984) |
| Less: Accrued Income | (13,501) | (108,922) | (108,922) |
| Add: Component of Leave Liability not required to be funded | 1,457,223 | 1,437,756 | 1,437,756 |
| Adjusted net current assets - surplus/(deficit) | 2,513,070 | 857,878 | 857,878 |

Difference

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

25. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

No specified area rates were imposed by the Shire during the year ended 2017.

26. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

| | Amount of Charge | Revenue Raised | Budget Revenue | Charges Applied to Costs | Charges Set Aside to Reserve | Reserve Applied to Costs | Budget Charges Applied to Costs | Budget Charges Set Aside to Reserve | Budget Reserve Applied to Costs |
|-----------------------------|------------------------|-------------------|-------------------|--------------------------------|------------------------------------|--------------------------------|--|--|--|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Service Charges | | | | | | | | | |
| Domestic waste collection | 321 | 244,940 | 244,685 | 240,588 | 0 | 0 | 403,804 | 100,000 | (40,000) |
| Enterprise waste collection | 208 | 783,964 | 470,999 | 770,036 | 13,960 | (38,354) | 777,291 | 0 | 0 |
| Waste disposal | 524 | 71,291 | 116,000 | 70,024 | 0 | 0 | 191,435 | 0 | 0 |
| | | <u>1,100,195</u> | <u>831,684</u> | <u>1,080,648</u> | <u>13,960</u> | <u>(38,354)</u> | <u>1,372,530</u> | <u>100,000</u> | <u>(40,000)</u> |

| Nature of the Service Charge | Objects of the Charge | Reasons for the Charge | Area/Properties Charge Imposed |
|-------------------------------------|--------------------------------------|--|---|
| Domestic waste collection | Provision of waste disposal services | Costs of maintenance and operation of facility | All owners and occupiers within a designated area |
| Enterprise waste collection | | | |
| Waste disposal | | | |

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2016/17 FINANCIAL YEAR

Rates Discounts

| Rate or Fee Discount Granted | Discount % | Discount \$ | Actual \$ | Budget \$ | Circumstances in which Discount is Granted |
|---|-----------------------|------------------------|----------------------|----------------------|---|
| Rates | 10.00% | | 110,121 | 120,000 | Rates paid within 35 days of the date of issue noted on each notice |
| | | | <u>110,121</u> | <u>120,000</u> | |

Waivers or Concessions

| Rate or Fee and Charge to which the Waiver or Concession is Granted | Type | Discount % | Discount \$ | Actual \$ | Budget \$ |
|--|-------------|-----------------------|------------------------|----------------------|----------------------|
| Rates | Write off | | | 3,114 | 1,000 |
| | | | | <u>3,114</u> | <u>1,000</u> |

**SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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28. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR

| | Date Due | Instalment Plan Admin Charge \$ | Instalment Plan Interest Rate % | Unpaid Rates Interest Rate % |
|-----------------------------|---------------------|--|--|---|
| Instalment Options | | | | |
| <u>Option One</u> | | | | |
| Single full payment | 12/09/2016 | 0 | 0.00% | 10.00% |
| <u>Option Two</u> | | | | |
| First Instalment | 12/09/2016 | 0 | 0.00% | 10.00% |
| Second Instalment | 12/11/2016 | 13 | 0.00% | 10.00% |
| Third Instalment | 12/01/2017 | 13 | 0.00% | 10.00% |
| Fourth Instalment | 13/03/2017 | 13 | 0.00% | 10.00% |
| | | | | Budgeted |
| | | | | Revenue |
| | | | | \$ |
| Interest on unpaid rates | | | 7,528 | 3,000 |
| Interest on instalment plan | | | 0 | 0 |
| Charges on instalment plan | | | 1,950 | 2,000 |
| | | | | <hr/> |
| | | | | 9,478 5,000 |
| | | | | <hr/> |

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

| | 2017 | 2016 |
|-------------------------------|----------------|----------------|
| | \$ | \$ |
| 29. FEES & CHARGES | | |
| General purpose funding | 608 | 4,426 |
| Law, order, public safety | 1,700 | 1,250 |
| Health | 22,563 | 14,035 |
| Housing | 43,119 | 56,610 |
| Community amenities | 5,842 | 24,215 |
| Recreation and culture | 44,582 | 64,134 |
| Transport | 80,123 | 6,864 |
| Economic services | 37,983 | 42,356 |
| Other property and services | 175,136 | 218,320 |
| | <u>411,656</u> | <u>432,210</u> |

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

30. GRANT REVENUE

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

| | 2017 | 2016 |
|--|------------------|------------------|
| | \$ | \$ |
| By Nature or Type: | | |
| Operating grants, subsidies and contributions | | |
| Governance | 1,411 | 1,290 |
| General purpose funding | 6,584,487 | 4,529,406 |
| Law, order, public safety | 661 | 700 |
| Health | 1,386 | 1,276 |
| Community amenities | 4,791 | 3,701 |
| Recreation and culture | 35,314 | 54,306 |
| Transport | 600,000 | 660,000 |
| Other property and services | 8,436 | 6,756 |
| | <u>7,236,486</u> | <u>5,257,435</u> |
| Non-operating grants, subsidies and contributions | | |
| Education and welfare | 0 | 180,000 |
| Transport | 301,305 | 404,064 |
| | <u>301,305</u> | <u>584,064</u> |
| | <u>7,537,791</u> | <u>5,841,499</u> |

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

| | |
|-----------|-----------|
| <u>57</u> | <u>58</u> |
|-----------|-----------|

32. ELECTED MEMBERS REMUNERATION

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

| | 2017 | 2017 | 2016 |
|------------------------------|----------------|----------------|----------------|
| | \$ | Budget | \$ |
| Councillors allowance | 47,235 | 49,000 | 49,000 |
| President's allowance | 19,136 | 26,000 | 26,000 |
| Deputy President's allowance | 87,345 | 10,000 | 48,908 |
| 20% SAT allowance | 0 | 17,000 | 0 |
| | <u>153,716</u> | <u>102,000</u> | <u>123,908</u> |

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

33. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

| | |
|--|------------------|
| | 2017 |
| | \$ |
| The total of remuneration paid to KMP of the Shire during the year are as follows: | |
| Short-term employee benefits | 926,875 |
| Post-employment benefits | 122,556 |
| Other long-term benefits | 54,639 |
| Termination benefits | 11,606 |
| | <u>1,115,676</u> |

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 32.

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).

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Entities subject to significant influence by the Shire

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

iii. Joint venture entities accounted for under the equity method

The Shire is not involved in any joint venture arrangements

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

33. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

The following transactions occurred with related parties:

| | |
|--|--------|
| | 2017 |
| | \$ |
| Associated companies/individuals: | |
| Sale of goods and services | 52,000 |
| Purchase of goods and services | 0 |
| Joint venture entities: | |
| Distributions received from joint venture entities | 0 |
| Amounts outstanding from related parties: | |
| Trade and other receivables | 0 |
| Loans to associated entities | 0 |
| Loans to key management personnel | 0 |
| Amounts payable to related parties: | |
| Trade and other payables | 0 |
| Loans from associated entities | 0 |

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

34. 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 \$937,462 had been incurred as at 30 June 2017. 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.

| | 2017 | 2017 | 2016 |
|--------------------------------------|------------------|------------------|------------------|
| | \$ | Budget | \$ |
| (b) Current year transactions | | | |
| Operating income | | | |
| - Profit on sale | 0 | 0 | 0 |
| Capital income | | | |
| - Sale proceeds | 400,000 | 1,200,000 | 0 |
| Capital expenditure | | | |
| - Development costs | (188,388) | (100,000) | (104,616) |
| | <u>(188,388)</u> | <u>(100,000)</u> | <u>(104,616)</u> |

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

(c) Expected Future Cash Flows

| | 2018 | 2019 | 2020 | 2021 | Total |
|-----------------------|------------------|------------------|----------|----------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Cash outflows | | | | | |
| - Development costs | (300,000) | (300,000) | 0 | 0 | (600,000) |
| | <u>(300,000)</u> | <u>(300,000)</u> | <u>0</u> | <u>0</u> | <u>(600,000)</u> |
| Cash inflows | | | | | |
| - Sale proceeds | 1,200,000 | 1,200,000 | 0 | 0 | 2,400,000 |
| | <u>1,200,000</u> | <u>1,200,000</u> | <u>0</u> | <u>0</u> | <u>2,400,000</u> |
| Net cash flows | <u>900,000</u> | <u>900,000</u> | <u>0</u> | <u>0</u> | <u>1,800,000</u> |

35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT

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

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

Financial risk management is carried out by the finance area under policies approved by the Council.

The Shire held the following financial instruments at balance date:

| | Carrying Value | | Fair Value | |
|------------------------------|-----------------------|------------------|-------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 |
| | \$ | \$ | \$ | \$ |
| Financial assets | | | | |
| Cash and cash equivalents | 8,088,921 | 6,730,936 | 8,088,921 | 6,730,936 |
| Investments | 15,171 | 12,409 | 15,171 | 12,409 |
| Receivables | 191,793 | 257,707 | 191,793 | 257,707 |
| | <u>8,295,885</u> | <u>7,001,052</u> | <u>8,295,885</u> | <u>7,001,052</u> |
| Financial liabilities | | | | |
| Payables | 451,531 | 507,893 | 451,531 | 507,893 |
| | <u>451,531</u> | <u>507,893</u> | <u>451,531</u> | <u>507,893</u> |

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

The Shire's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council.

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

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

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

| | 2017 | 2016 |
|--|-------------|-------------|
| | \$ | \$ |
| Impact of a 10% ⁽¹⁾ movement in price of investments | | |
| - Equity | 1,517 | 1,241 |
| - Statement of Comprehensive Income | 1,517 | 1,241 |
| Impact of a 1% ⁽¹⁾ movement in interest rates on cash | | |
| - Equity | 80,889 | 67,309 |
| - Statement of Comprehensive Income | 80,889 | 67,309 |

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible market movements.

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

| | 2017 | 2016 |
|--|-------------|-------------|
| Percentage of rates and annual charges | | |
| - Current | 0% | 0% |
| - Overdue | 100% | 100% |
| Percentage of other receivables | | |
| - Current | 100.00% | 100.00% |
| - Overdue | 0% | 0% |

SHIRE OF CHRISTMAS ISLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Payables are both 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 contractual undiscounted cash flows of the Shire's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

| | Due within 1 year \$ | Due between 1 & 5 years \$ | Due after 5 years \$ | Total contractual cash flows \$ | Carrying values \$ |
|--------------------|-------------------------------|-------------------------------------|-------------------------------|--|--------------------------|
| <u>2017</u> | | | | | |
| Payables | 451,531 | 0 | 0 | 451,531 | 451,531 |
| | <u>451,531</u> | <u>0</u> | <u>0</u> | <u>451,531</u> | <u>451,531</u> |
| <u>2016</u> | | | | | |
| Payables | 507,893 | 0 | 0 | 507,893 | 507,893 |
| | <u>507,893</u> | <u>0</u> | <u>0</u> | <u>507,893</u> | <u>507,893</u> |

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

Opinion on the Audit of the Financial Report

We have audited the accompanying financial report of the Shire of Christmas Island (the Shire), which comprises the statement of financial position as at 30 June 2017, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

In our opinion, the financial report of the Shire of Christmas Island is in accordance with the *Local Government Act 1995 (as amended)* and the *Local Government (Financial Management) Regulations 1996 (as amended)*, including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2017 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

Basis for Opinion

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

Report on Other Legal and Regulatory Requirements

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the *Local Government Act 1995 (as amended)*, the *Local Government (Financial Management) Regulations 1996 (as amended)* or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 57 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it is not supported by:
 - i. verifiable information; and
 - ii. reasonable assumptions.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

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

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

Responsibilities of Management and Council for the Financial Report

Management is responsible for the preparation of this financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Local Government Act 1995 (as amended)* and the *Local Government (Financial Management) Regulations 1996 (as amended)* and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management 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.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.

**MOORE STEPHENS
CHARTERED ACCOUNTANTS**


**GREG GODWIN
PARTNER**

**Date: 30 October 2017
Perth, WA**

**SHIRE OF CHRISTMAS ISLAND
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2017**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

| | 2017 | 2016 | 2015 |
|-----------------------------|------|------|------|
| Asset consumption ratio | 0.81 | 0.77 | 0.78 |
| Asset renewal funding ratio | 1.03 | 1.10 | 1.01 |

The above ratios are calculated as follows:

| | |
|-----------------------------|---|
| Asset consumption ratio | $\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$ |
| Asset renewal funding ratio | $\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$ |